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# TOWN OF SUMRALL

*Mayor: Heath Sumrall City Clerk: Jo Ann Robbins*  
*Deputy Clerk: Cassie Dement Deputy Clerk: Yana Holloway*  
*Alderman: Shirley Barnard, Jim Ford, Brittany Fortenberry, Lee Granberry, Trina Mclendon*

September 25, 2019

Office of the State Auditor  
P.O Box 956  
Jackson, MS 39205

Re: Annual Municipal Audit

Accompanying this letter is a copy of the annual audit of the Town of Sumrall, Mississippi, for the fiscal year ended September 30, 2018. In connection with this compilation, a separate management letter was written to the Town. Enclosed you will find a copy of this management letter along with the audit (compilation) reports.

Sincerely,



Heath Sumrall  
Mayor

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OFFICE OF THE  
STATE AUDITOR

**P.O. BOX 247, Sumrall, MS 39482**  
**Phone: 601-758-3591~Fax: 601-758-3581 E-mail: [townofsumrall@gmail.com](mailto:townofsumrall@gmail.com)**

**TOWN OF SUMRALL  
CITY CLERK'S OFFICE**

4880 HIGHWAY 589, SUMRALL, MS 39482

**CITY CLERK**

Jo Ann Robbins, CMCC, CMC  
601-758-3591

**DEPUTY CLERKS**

Cassie Dement, CMCC  
Yana Holloway

September 25, 2019

Office of the State Auditor  
P.O.Box 956  
Jackson, MS 39205

Re: Annual Municipal Audit (for year ended September 30, 2018)

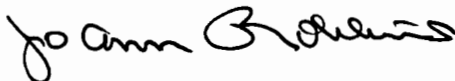
Enclosed are the following items

- 1 – Two (2) copies of the annual audit (compilation) of the Town of Sumrall, Mississippi, as completed by King CPA, PLLC
- 2 – Management letter as prepared by King CPA, PLLC
- 3 – Transmittal letter from Mayor Heath Sumrall

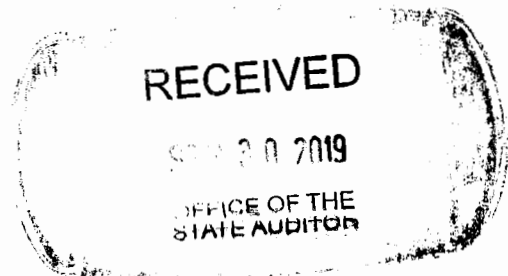
A copy has also been emailed on September 25, 2019.

If you have any questions, please call.

Respectfully,



Jo Ann Robbins  
City Clerk  
Town of Sumrall



P.O. Box 247, Sumrall, MS 39482

Fax: 601-758-3581 E-mail: [townofsumrall@gmail.com](mailto:townofsumrall@gmail.com)

**Member of the Mississippi Municipal Clerks and Collectors Association**

**TOWN OF SUMRALL, MISSISSIPPI**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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**OFFICE OF THE  
STATE AUDITOR**

**TOWN OF SUMRALL, MISSISSIPPI  
TABLE OF CONTENTS**

|  | <u>PAGE</u> |
|--|-------------|
| <b>Independent Auditors' Report</b>  | 3           |
| <b>Statement of Activities and Net Position Cash Basis –<br/>Governmental and Business Type Activities</b>   | 5           |
| <b>Statement of Cash Receipts, Disbursements, and Fund Balance–<br/>Governmental Funds</b>   | 7           |
| <b>Statement of Cash Receipts, Disbursements, and Fund Balance–<br/>Governmental Funds</b>   | 8           |
| <b>Notes to Financial Statements</b>   | 9           |
| <b>Other Information</b>   |             |
| <b>Budgetary Comparison Schedule – General Fund</b>  | 16          |
| <b>Budgetary Comparison Schedule – Water and Sewer</b>   | 17          |
| <b>Schedule of Investments</b>   | 18          |
| <b>Schedule of Capital Assets</b>  | 19          |
| <b>Schedule of Long-Term Debt</b>  | 20          |
| <b>Schedule of Surety Bonds of Municipal Officials</b>   | 21          |
| <b><u>Independent Auditor's Reports</u></b>  |             |
| <b>Report on Internal Control Over Financial Reporting and on Compliance<br/>and Other Matters Based on an Audit of the Basic Financial Statements<br/>Performed in Accordance with <u>Government Auditing Standards</u></b> | 22          |
| <b>Report on Compliance with State Laws and Regulations</b>  | 25          |

American Institute of  
Certified Public  
Accountants

**King CPA, PLLC**  
206 E Central Ave. P.O. Box 1182  
Petal, MS 39465  
Telephone 601-544-9795...Fax 601-544-9793

Mississippi Society of  
Certified Public  
Accountants

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**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and Board of Aldermen  
Town of Sumrall  
Sumrall, Mississippi

We have audited the accompanying financial statements of the governmental activities and the business-type activities, and the general fund of the Town of Sumrall, Mississippi as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial on the cash receipts and disbursements basis of accounting, as described in Note 1 of the financial statements; this includes 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 Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the Town of Sumrall, Mississippi, as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with the cash receipts and disbursements basis of accounting.

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**Other Matters**

*Supplemental Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sumrall, Mississippi's basic financial statements. The Budgetary Comparison – General Fund, Budgetary Comparison – Water and Sewer Fund, Schedule of Investments, Schedule of Capital Assets, Schedule of Long-Term Debt, and Schedule of Surety Bonds of Municipal Officials on pages 16, 17, 18, 19, 20, and 21, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements

The Budgetary Comparison – General Fund, Budgetary Comparison – Water and Sewer Fund, Schedule of Investments, Schedule of Capital Assets, Schedule of Long-Term Debt, and Schedule of Surety Bonds have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*King CPA, PLLC*

**KING CPA, PLLC**  
September 18, 2019

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**TOWN OF SUMRALL, MISSISSIPPI**  
**Statement of Activities and Net Position – Cash Basis**  
**For the Year Ended September 30, 2018**

| Functions/Programs                                  | Program Receipts    |                      |                                    |                                  | Net Cash Excess (Deficit) |                          |                     |
|---|---------------------|----------------------|------------------------------------|----------------------------------|---------------------------|--------------------------|---------------------|
|   | Disbursements       | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities   | Business-type Activities | Total               |
| <b>Governmental activities:</b>                     |                     |                      |                                    |                                  |                           |                          |                     |
| General government                                  | \$ 319,535          | \$ 11,130            | \$ 10,401                          | \$ -                             | \$ (298,004)              |                          | \$ (298,004)        |
| Public safety                                       | 445,753             | 32,578               | 8,112                              | -                                | (405,063)                 |                          | (405,063)           |
| Streets   | 326,965             | -                    | 4,352                              | -                                | (322,613)                 |                          | (322,613)           |
| Parks and recreation                                | 10,671              | -                    | -                                  | -                                | (10,671)                  |                          | (10,671)            |
| Interest on long-term debt                          | 6,472               | -                    | -                                  | -                                | (6,472)                   |                          | (6,472)             |
| Total governmental activities                       | <u>1,109,396</u>    | <u>43,708</u>        | <u>22,865</u>                      | <u>-</u>                         | <u>(1,042,823)</u>        |                          | <u>(1,042,823)</u>  |
| <b>Business-type activities</b>                     |                     |                      |                                    |                                  |                           |                          |                     |
| Water & sewer                                       | 434,603             | 568,815              | -                                  | -                                |                           | 134,212                  | 134,212             |
| Garbage   | 50,929              | 91,036               | -                                  | -                                |                           | 40,107                   | 40,107              |
| Total business-type activities                      | <u>485,532</u>      | <u>659,851</u>       | <u>-</u>                           | <u>-</u>                         |                           | <u>174,319</u>           | <u>174,319</u>      |
| <b>Total</b>  | <u>\$ 1,594,928</u> | <u>\$ 703,559</u>    | <u>\$ 22,865</u>                   | <u>\$ -</u>                      | <u>\$ (1,042,823)</u>     | <u>\$ 174,319</u>        | <u>\$ (868,504)</u> |
| <b>General receipts</b>                             |                     |                      |                                    |                                  |                           |                          |                     |
| Property taxes                                      |                     |                      |                                    |                                  | 402,461                   | -                        | 402,461             |
| Sales taxes   |                     |                      |                                    |                                  | 590,556                   | -                        | 590,556             |
| Franchise taxes                                     |                     |                      |                                    |                                  | 79,294                    | -                        | 79,294              |
| Miscellaneous                                       |                     |                      |                                    |                                  | 16,465                    | 11,263                   | 27,728              |
| Unrestricted investment earnings                    |                     |                      |                                    |                                  | 2,486                     | 5,952                    | 8,438               |
| Total general receipts, transfers and special items |                     |                      |                                    |                                  | <u>1,091,262</u>          | <u>17,215</u>            | <u>1,108,477</u>    |
| Change in Net Position (Cash)                       |                     |                      |                                    |                                  | 48,439                    | 191,534                  | 239,973             |
| Net Position (Cash) - beginning                     |                     |                      |                                    |                                  | <u>887,184</u>            | <u>1,183,850</u>         | <u>2,071,034</u>    |
| Net Position (Cash) - ending                        |                     |                      |                                    |                                  | <u>\$ 935,623</u>         | <u>\$ 1,375,384</u>      | <u>\$ 2,311,007</u> |



**TOWN OF SUMRALL, MISSISSIPPI**  
**Statement of Activities and Net Position – Cash Basis**  
**For the Year Ended September 30, 2018**

|                            | Program Receipts |                         |  | Net Cash Excess (Deficit)              |                            |                             |                     |
|----------------------------|------------------|-------------------------|--|--|----------------------------|-----------------------------|---------------------|
|                            | Disbursements    | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities | Business-type<br>Activities | Total               |
| <b>ASSETS</b>              |                  |                         |  |  |                            |                             |                     |
| Cash and cash equivalents  |                  |                         |  |  | \$ 935,623                 | \$ 1,095,579                | \$ 2,031,202        |
| Investments                |                  |                         |  |  | -                          | 279,805                     | 279,805             |
| Total assets               |                  |                         |  |  | <u>\$ 935,623</u>          | <u>\$ 1,375,384</u>         | <u>\$ 2,311,007</u> |
| <b>NET POSITION - CASH</b> |                  |                         |  |  |                            |                             |                     |
| Restricted                 |                  |                         |  |  | \$ 892                     | \$ 132,876                  | \$ 133,768          |
| Unrestricted               |                  |                         |  |  | <u>934,731</u>             | <u>1,242,508</u>            | <u>2,177,239</u>    |
| Total Net Assets           |                  |                         |  |  | <u>\$ 935,623</u>          | <u>\$ 1,375,384</u>         | <u>\$ 2,311,007</u> |

See accompanying notes and independent auditors' report.

**TOWN OF SUMRALL, MISSISSIPPI**  
**Statement of Cash Receipts, Disbursements, and Fund Balance**  
**Governmental Funds**  
**For the Year Ended September 30, 2018**

|  | Governmental<br>Funds<br><u>General Fund</u> |
|--|--|
| <b>RECEIPTS:</b>                                   |  |
| General property taxes, penalties & interest       | \$ 402,461                                   |
| Licenses and permits                               | 11,130                                       |
| Franchise tax on utilities                         | 79,294                                       |
| State shared revenue:                              |  |
| General Municipal Aid                              | 708  |
| Sales tax  | 590,556                                      |
| Gasoline Tax                                       | 4,352  |
| Fire protection                                    | 8,112  |
| Homestead exemption                                | 10,401                                       |
| Court fines  | 32,578                                       |
| Miscellaneous                                      | 15,757                                       |
| Interest income                                    | <u>2,486</u>                                 |
| <br>   |  |
| <b>Total receipts</b>                              | <u>1,157,835</u>                             |
| <br>   |  |
| <b>DISBURSEMENTS:</b>                              |  |
| General government                                 | 315,640                                      |
| Public safety                                      |  |
| Police   | 370,564                                      |
| Fire   | 43,985                                       |
| Court  | 31,204                                       |
| Streets  | 304,743                                      |
| Library, parks, and recreation                     | 10,671                                       |
| Principal  | 22,222                                       |
| Interest expense                                   | 6,472  |
| Miscellaneous                                      | 3,895  |
| <br>   |  |
| <b>Total operating disbursements</b>               | <u>1,109,396</u>                             |
| Excess (deficiency) of receipts over disbursements | <u>48,439</u>                                |
| <br>   |  |
| financing uses                                     |  |
| <br>   |  |
| <b>Cash basis fund balance - beginning</b>         | <u>887,184</u>                               |
| <br>   |  |
| <b>Cash basis fund balance - ending</b>            | <u>\$ 935,623</u>                            |
| <br>   |  |
| <b>Restricted</b>                                  | 892  |
| <b>Assigned</b>                                    | 60,683                                       |
| <b>Unassigned</b>                                  | <u>874,048</u>                               |
| <br>   |  |
| <b>Total cash basis fund balance</b>               | <u>\$ 935,623</u>                            |

See accompanying notes and independent auditors' report.

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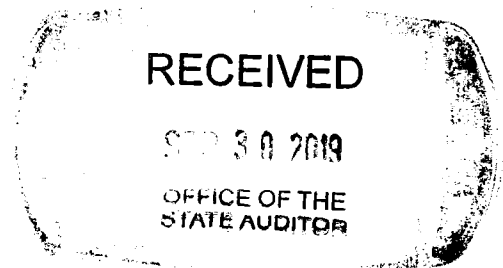
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CLERK/AUDITOR

**TOWN OF SUMRALL, MISSISSIPPI**  
**Statement of Cash Receipts, Disbursements, and Fund Balance**  
**Enterprise Funds**  
**For the Year Ended September 30, 2018**

|  | Enterprise<br>Funds<br><u>Water &amp; Sewer Fund</u> |
|--|--|
| <b>RECEIPTS:</b>                                   |  |
| Charges for services: water and sewer              | \$ 553,271   |
| Charges for services: garbage                      | 91,036   |
| Meter Deposits Increase                            | 15,544   |
| Miscellaneous                                      | 11,263   |
| Interest income                                    | 5,952  |
| <b>Total receipts</b>                              | <u>677,066</u>                                       |
| <br>   |  |
| <b>DISBURSEMENTS:</b>                              |  |
| Water utility operations                           | 307,873  |
| Garbage operations                                 | 50,929   |
| Capital Outlay                                     | 126,730  |
| <b>Total operating disbursements</b>               | <u>485,532</u>                                       |
| Excess (deficiency) of receipts over disbursements | <u>191,534</u>                                       |
| <br>   |  |
| <b>Cash basis fund balance - beginning</b>         | <u>1,183,850</u>                                     |
| <br>   |  |
| <b>Cash basis fund balance - ending</b>            | <u>\$ 1,375,384</u>                                  |
| <br>   |  |
| <b>Restricted</b>                                  | 132,876  |
| <b>Assigned</b>                                    | 95,256   |
| <b>Unassigned</b>                                  | <u>1,147,252</u>                                     |
| <br>   |  |
| <b>Total cash basis fund balance</b>               | <u>\$ 1,375,384</u>                                  |

See accompanying notes and independent auditors' report.

**NOTES TO THE FINANCIAL STATEMENTS**



**TOWN OF SUMRALL, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

**Financial Reporting Entity**

The Town of Sumrall, Mississippi, operates under a Mayor-Aldermen form of government and provides all the rights and privileges provided by statute for municipalities.

The financial statements of the Town have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**Government-wide Statements**

The government-wide financial statements (i.e., the Statement of Activities and Net Position – cash basis) report information on all of the non-fiduciary activities of the primary government. The effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct disbursements* are those that are clearly identifiable with a specific function or segment. *Program receipts* include (1) receipts from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as *general receipts*.

**Fund Financial Statements**

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column. The various funds are grouped into generic fund types and broad categories as follows:

**GOVERNMENTAL FUNDS**

General Fund – The General Fund is the general operating fund of the municipality. It is used to account for all financial resources except those required to be accounted for in another fund.

**PROPRIETARY FUNDS**

Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs and expenses of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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**TOWN OF SUMRALL, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

**Account Classifications**

The account classifications used in the financial statements are in accordance with the classifications required by the 2010 Mississippi Municipal Audit and Accounting Guide promulgated by the State Auditor's Office of Mississippi.

**Budgets**

The budget is prepared on the cash basis as legally required by statute. The budget is adopted by the Board of Aldermen and filed with the taxing authority. Amendments can be made on the approval of the Board of Aldermen. By statute, final budget and tax levy must be adopted on or before September 15 for the following fiscal year.

**Investments**

The town is allowed, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county or municipality of this state, when such county or municipal bonds have been properly approved; or in interest-bearing time certificates of deposit or interest-bearing accounts with any financial institution approved for the deposit of state funds; or in any type of investment permitted by Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972).

For reporting purposes, certificates of deposit with an original maturity date of more than three months are considered investments.

**Property Tax Revenue**

Property taxes are assessed by the Town on a calendar year basis. For 2018, the Town requested 36.00 mils for general. Property taxes are considered delinquent February 1 and a tax sale is held in August for unpaid taxes. Property Tax revenue is recognized when collected, due to the uncertainty of collecting property taxes after September 30.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

**Deposits.** The Town must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the Town's 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 Deposit Insurance Corporation.

**Cash and Cash Equivalents**

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and business-type activities was \$935,623 and \$1,375,384, respectively. The bank balance was \$1,010,672 for governmental funds and \$1,461,882 for business-type activities.

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**TOWN OF SUMRALL, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 2 - CASH AND CASH EQUIVALENTS (continued)**

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the Mississippi State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of September 30, 2018, none of the district's bank balance was exposed to custodial credit risk.

**NOTE 3 - CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, and infrastructure (e.g. roads, bridges, sidewalks, drainage systems, and similar items) are reported in the Schedule of Capital Assets included in Other Supplemental Information. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated life in excess of two years. The capitalization threshold for buildings and improvements other than buildings is \$50,000 and \$25,000, respectfully. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported regardless of their amount.

**NOTE 4 - BONDS PAYABLE**

Presented below is Section 21-33-303 Mississippi Code:

No municipality shall hereafter issue bonds secured by a pledge of its full faith and credit for the purposes authorized by law in an amount which, when added to the then outstanding bonded indebtedness of such municipality, shall exceed either (a) fifteen percent (15%) of the assessed value of the taxable property within such municipality, according to the last completed assessment for taxation, or (b) ten percent (10%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. In computing such indebtedness, there may be deducted all bonds or other evidences of indebtedness, heretofore or hereafter issued, for school, water, sewerage systems, gas, and light and power purposes and for the construction of special improvements primarily chargeable to the property benefited, or for the purpose of paying the municipality's proportion of any betterment program, a portion of which is primarily chargeable to the property benefited. However, in no case shall any municipality contract any indebtedness which, when added to all of the outstanding general obligation indebtedness, both bonded and floating, shall exceed either (a) twenty percent (20%) of the assessed value of all taxable property within such municipality according to the last completed assessment for taxation or (b) fifteen percent (15%) of the assessment upon which taxes are levied for its fiscal year ending September 30, 1984, whichever is greater. Nothing herein contained shall be construed to apply to contract obligations in any form heretofore or hereafter incurred by any municipality which are subject to annual appropriations therefore, or to bonds heretofore issued by any municipality for school purposes, or to contract obligations in any form heretofore or hereafter incurred by any municipality which are payable exclusively from the revenues of any municipally- owned utility, or to bonds issued by any municipality under the provisions of Section 57-1-1 through 57-1-51, or to any special assessment improvement bonds issued by any municipality under the provisions of Sections 21-41-1 through 21-41-53, or to any indebtedness incurred under Section 55-23-8.

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**TOWN OF SUMRALL, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 4 – BONDS PAYABLE (Continued)**

The following is a schedule of limitations on the indebtedness of the Town at September 30, 2018:

| <u>Authorized Debt Limit</u>   | <u>15 Percent</u>   | <u>20 Percent</u>            |
|--|---------------------|------------------------------|
| Assessed valuation of fiscal year ended<br>September 30, 2018                      | \$ 12,492,355       | \$ 1,873,853    \$ 2,498,471 |
| Present debt subject to 15% limitation   | -                   | -                            |
| Present debt subject to 20% limitation<br>including debt subject to 15% limitation | -                   | (309,886)                    |
| Margin for further debt under respective<br>debt limits                            | <u>\$ 1,873,853</u> | <u>\$ 2,188,585</u>          |

**NOTE 5 – DEFINED BENEFIT PENSION PLAN**

**Plan Description:** The Town of Sumrall, 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, PERS Building, 429 Mississippi Street, Jackson, MS 39201 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 Sumrall is required to contribute at an actuarial determined rate. The current rate is 15.75% 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's contributions to PERS for the years ending September 30, 2018, 2017, and 2016, were \$37,559, \$39,397, and \$40,410, respectively, which equaled the required contributions for each year.

**NOTE 6 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for this risk. Settle claims resulting from these insured risks have not exceeded commercial insurance coverage in this fiscal year.

**NOTE 7 – COMMITMENTS, CONTINGENCIES AND LITIGATION**

Net Pension Liability

As of September 30, 2018, the Town of Sumrall's net pension liability is approximately \$1,157,655 based on proportionate share of 0.006960%.



**TOWN OF SUMRALL, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 8 – SUBSEQUENT EVENTS**

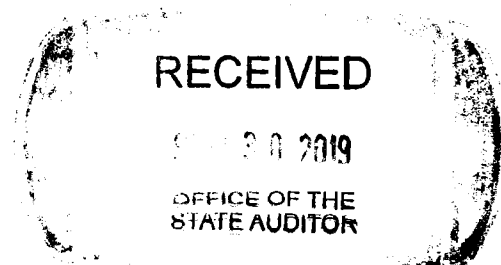
Management has considered subsequent events through September 18, 2019, the date of the financial statements were available to be issued, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements:

**TOWN OF SUMRALL, MISSISSIPPI**

**SUPPLEMENTAL INFORMATION**

**TOWN OF SUMRALL, MISSISSIPPI**  
**Budgetary Comparison Schedule – General Fund**  
**For the Year Ended September 30, 2018**

|   | Budgeted Amounts    |                     | Actual<br>(Budgetary Basis) | Variances<br>Positive (Negative) |                    |
|---|---------------------|---------------------|-----------------------------|----------------------------------|--------------------|
|   | Original            | Final               |                             | Original<br>to Final             | Final<br>to Actual |
|   |                     |                     |                             |                                  |                    |
| <b>RECEIPTS</b>   |                     |                     |                             |                                  |                    |
| Property taxes  | \$ 371,736          | \$ 371,736          | \$ 402,461                  | \$ -                             | \$ 30,725          |
| License and permits   | 85,120              | 85,120              | 90,424                      | -                                | 5,304              |
| Intergovernmental revenues                                    | 558,630             | 558,630             | 614,129                     | -                                | 55,499             |
| Fines and forfeitures   | 23,300              | 23,300              | 32,578                      | -                                | 9,278              |
| Miscellaneous   | 8,550               | 8,550               | 18,243                      | -                                | 9,693              |
| <b>TOTAL RECEIPTS</b>   | <u>1,047,336</u>    | <u>1,047,336</u>    | <u>1,157,835</u>            | <u>-</u>                         | <u>110,499</u>     |
| <b>EXPENDITURES</b>   |                     |                     |                             |                                  |                    |
| General government  | 327,100             | 327,100             | 315,640                     | -                                | 11,460             |
| Public safety-police  | 486,816             | 486,816             | 370,564                     | -                                | 116,252            |
| Public safety-fire  | 63,000              | 55,000              | 43,985                      | 8,000                            | 11,015             |
| Court   | 23,375              | 49,600              | 31,204                      | (26,225)                         | 18,396             |
| Public works-street   | 515,178             | 515,178             | 337,332                     | -                                | 177,846            |
| Library, parks, and recreation                                | 10,671              | 10,671              | 10,671                      | -                                | -                  |
| <b>TOTAL EXPENDITURES</b>                                     | <u>1,426,140</u>    | <u>1,444,365</u>    | <u>1,109,396</u>            | <u>(18,225)</u>                  | <u>334,969</u>     |
| <b>EXCESS (DEFICIENCY) OF RECEIPTS<br/>OVER DISBURSEMENTS</b> | (378,804)           | (397,029)           | 48,439                      | 18,225                           | 445,468            |
| <b>NET CHANGE IN CASH BALANCE</b>                             | <u>\$ (378,804)</u> | <u>\$ (397,029)</u> | <u>\$ 48,439</u>            | <u>\$ 18,225</u>                 | <u>\$ 445,468</u>  |
| <b>CASH BALANCE-BEGINNING</b>                                 |                     |                     | <u>887,184</u>              |                                  |                    |
| <b>CASH BALANCE-ENDING</b>                                    |                     |                     | <u>\$ 935,623</u>           |                                  |                    |



**TOWN OF SUMRALL, MISSISSIPPI**  
**Budgetary Comparison Schedule – Water and Sewer Fund**  
**For the Year Ended September 30, 2018**

|   | Budgeted Amounts   |                    | Actual<br>(Budgetary Basis) | Variances            |                    |
|---|--------------------|--------------------|-----------------------------|----------------------|--------------------|
|   |                    |                    |                             | Positive (Negative)  |                    |
|   | Original           | Final              |                             | Original<br>to Final | Final<br>to Actual |
| <b>RECEIPTS</b>   |                    |                    |                             |                      |                    |
| Charges for services: water and sewer                         | \$ 522,744         | \$ 522,744         | \$ 568,815                  | \$ -                 | \$ 46,071          |
| Charges for services: garbage                                 | 80,000             | 80,000             | 91,036                      | -                    | 11,036             |
| Miscellaneous   | 7,400              | 7,400              | 11,263                      | -                    | 3,863              |
| Interest  | 3,000              | 3,000              | 5,952                       | -                    | 2,952              |
| <b>TOTAL RECEIPTS</b>   | <u>613,144</u>     | <u>613,144</u>     | <u>677,066</u>              | -                    | <u>63,922</u>      |
| <b>EXPENDITURES</b>   |                    |                    |                             |                      |                    |
| Water and Sewer Utility<br>Operations                         | 709,804            | 709,804            | 485,532                     | -                    | 224,272            |
| <b>TOTAL EXPENDITURES</b>                                     | <u>709,804</u>     | <u>709,804</u>     | <u>485,532</u>              | -                    | <u>224,272</u>     |
| <b>EXCESS (DEFICIENCY) OF RECEIPTS<br/>OVER DISBURSEMENTS</b> | (96,660)           | (96,660)           | 191,534                     | -                    | 288,194            |
| <b>NET CHANGE IN CASH BALANCE</b>                             | <u>\$ (96,660)</u> | <u>\$ (96,660)</u> | <u>\$ 191,534</u>           | <u>\$ -</u>          | <u>\$ 288,194</u>  |
| <b>CASH BALANCE-BEGINNING</b>                                 |                    |                    | <u>1,183,850</u>            |                      |                    |
| <b>CASH BALANCE-ENDING</b>                                    |                    |                    | <u>\$ 1,375,384</u>         |                      |                    |

See accompanying independent auditors' report.

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SEP 30 2018  
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STATE AUDITOR

**TOWN OF SUMRALL, MISSISSIPPI**  
**Schedule of Investments**  
**For the Year Ended September 30, 2018**

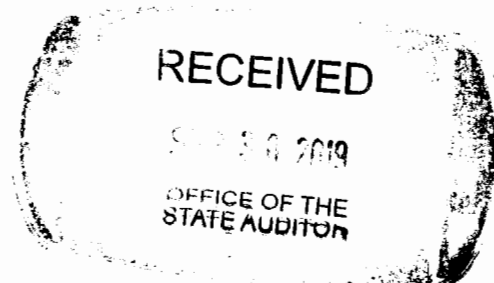
| <u>Ownership</u>         | <u>Type of Investment</u> | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Other Information</u> | <u>Investment Cost/Value</u> |
|--------------------------|---------------------------|----------------------|----------------------|--------------------------|------------------------------|
| Water and Sewer          | Certificate of Deposit    | 2.03%                | 12 month             | Citizen's Bank           | \$ 279,805                   |
| <b>Total Investments</b> |                           |                      |                      |                          | <b><u>\$ 279,805</u></b>     |

See accompanying independent auditors' report.

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**TOWN OF SUMRALL, MISSISSIPPI**  
**Schedule of Capital Assets**  
**For the Year Ended September 30, 2018**

| <u>Governmental Activities</u>                       | <u>Balance<br/>10/1/2017</u> | <u>Additions</u>         | <u>Deletions</u>   | <u>Balance<br/>9/30/2018</u> |
|--|------------------------------|--------------------------|--------------------|------------------------------|
| Capital assets:                                      |                              |                          |                    |                              |
| Land   | \$ 58,000                    | -                        | -                  | 58,000                       |
| Buildings  | 298,877                      | -                        | -                  | 298,877                      |
| Machinery and Equipment                              | 874,529                      | 33,074                   | -                  | 907,603                      |
| Infrastructure                                       | 3,165,818                    | 47,042                   | -                  | 3,212,860                    |
| <b>Total Governmental Activities capital assets</b>  | <b><u>\$ 4,397,224</u></b>   | <b><u>\$ 80,116</u></b>  | <b><u>\$ -</u></b> | <b><u>\$ 4,477,340</u></b>   |
| <br>   |                              |                          |                    |                              |
| <u>Business-type Activities</u>                      |                              |                          |                    |                              |
| Capital assets:                                      |                              |                          |                    |                              |
| Land   | 51,627                       | -                        | -                  | 51,627                       |
| Buildings  | 447,533                      | -                        | -                  | 447,533                      |
| Machinery and Equipment                              | 270,975                      | -                        | -                  | 270,975                      |
| Infrastructure                                       | 5,335,710                    | 126,730                  | -                  | 5,462,440                    |
| <b>Total Business-type activities capital assets</b> | <b><u>\$ 6,105,845</u></b>   | <b><u>\$ 126,730</u></b> | <b><u>\$ -</u></b> | <b><u>\$ 6,232,575</u></b>   |



See accompanying independent auditors' report.

**TOWN OF SUMRALL, MISSISSIPPI**  
**Schedule of Long-Term Debt**  
**For the Year Ended September 30, 2018**

|  | BALANCE                   | Transactions During Fiscal Year |                  | BALANCE                   |
|--|---------------------------|---------------------------------|------------------|---------------------------|
|  | <u>September 30, 2017</u> | <u>ISSUED</u>                   | <u>REDEEMED</u>  | <u>September 30, 2018</u> |
| Mississippi Development Authority<br>-Water and Sewer Improvements | \$ 332,108                | \$ -                            | \$ 22,222        | \$ 309,886                |
| <b>Total</b>   | <b>\$ 332,108</b>         | <b>\$ -</b>                     | <b>\$ 22,222</b> | <b>\$ 309,886</b>         |

See accompanying independent auditors' report.

**TOWN OF SUMRALL, MISSISSIPPI**  
**Schedule of Surety Bonds for Municipal Officials**  
**For the Year Ended September 30, 2018**

Presented below is Section 21-17-5 of Mississippi Code.

Unless otherwise provided by law, before entering upon the duties of their respective offices, the aldermen of every municipality of this state shall give bond, with sufficient surety, to be payable, conditioned and approved as provided by law, in a penalty equal to five percent (5%) of the sum of all municipal taxes shown by the assessment rolls and the levies to have been collectible in the municipality for the year immediately preceding the commencement of the term of office of said aldermen; however, such bond shall not exceed the amount of One Hundred Thousand Dollars (\$100,000).

| <u>NAME</u>          | <u>POSITION</u> | <u>BOND AMOUNT</u> | <u>COMPANY</u> | <u>BOND NO.</u> | <u>TERM</u>        |
|----------------------|-----------------|--------------------|----------------|-----------------|--------------------|
| Thomas Heath Sumrall | Mayor           | \$ 50,000          | Travelers      | 106775730       | 7/3/2017-7/3/2021  |
| Brittany Fortenberry | Alderman        | \$ 10,000          | Travelers      | 106775903       | 8/16/2017-7/3/2021 |
| James Ford           | Alderman        | \$ 10,000          | Travelers      | 106775733       | 7/3/2017-7/3/2021  |
| Dennis Granberry     | Alderman        | \$ 10,000          | Travelers      | 106775731       | 7/3/2017-7/3/2021  |
| Shirley Bamard       | Alderman        | \$ 10,000          | Travelers      | 106775732       | 7/3/2017-7/3/2021  |
| Larene McLendon      | Alderman        | \$ 10,000          | Travelers      | 106775734       | 7/3/2017-7/3/2021  |
| Jo Ann Robbins       | City Clerk      | \$ 50,000          | Travelers      | 105072877       | 8/1/2018-8/1/2019  |
| Juanyana Holloway    | Deputy Clerk    | \$ 50,000          | Travelers      | 105072877       | 8/1/2018-8/1/2019  |
| Cassie Dement        | Deputy Clerk    | \$ 50,000          | Travelers      | 105072877       | 8/1/2018-8/1/2019  |
| Tony Kepper          | Deputy Clerk    | \$ 50,000          | Travelers      | 105072877       | 8/1/2018-8/1/2019  |
| Elsie Cowart         | Police Chief    | \$ 50,000          | Travelers      | 105072877       | 8/1/2018-8/1/2019  |

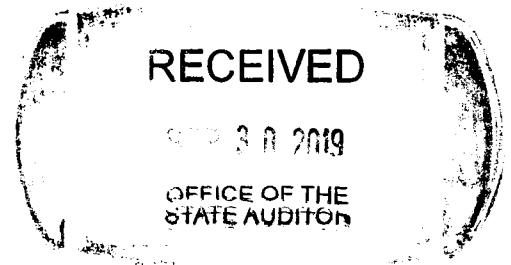
See accompanying independent auditors' report.





**TOWN OF SUMRALL, MISSISSIPPI**

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



American Institute of  
Certified Public Accountants

# **King CPA, PLLC**

Mississippi Society of  
Certified Public Accountants

206 E. Central Ave. P.O. Box 1182  
Petal, MS 39465  
Telephone 601-544-9795....Fax 601-544-9793

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

To the Honorable Mayor and Board of Aldermen  
Town of Sumrall, 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 financial statements of the governmental activities and the business-type activities of the Town of Sumrall, Mississippi as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Sumrall, Mississippi's basic financial statements, and have issued our report thereon dated September 18, 2019.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Sumrall, Mississippi's internal control over financial reporting (internal control) to determine the 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 the Town of Sumrall, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Sumrall, Mississippi's internal control.

*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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. We did not identify any significant deficiencies or material weaknesses in internal control.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Sumrall, 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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

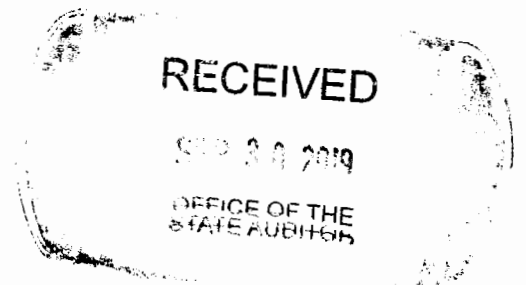
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*King CPA, PLLC*

**KING CPA, PLLC**  
September 18, 2019

**TOWN OF SUMRALL, MISSISSIPPI**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH STATE LAWS AND REGULATIONS**



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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

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

We have audited the basic financial statements of the Town of Sumrall, Mississippi as of and for the year ended September 30, 2018 and have issued our report dated September 18, 2019. We have 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*.

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 audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the general purpose financial statements disclosed no material instances of noncompliance with state laws and regulations.

*King CPA, PLLC*

**KING CPA, PLLC**  
September 18, 2019

