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Town of Belmont
P. O. Box 489
Belmont, Mississippi 38827

July 9, 2015

Office of the State Auditor
PO Box 956
Jackson, Mississippi 39208

RE: Annual Municipal Audit

Accompanying this letter is a copy of the annual audit of the Town of Belmont, Mississippi, for the fiscal year ended September 30, 2014. A separate management letter was not written to the town in connection with this audit.

Sincerely,

L Maroon

Lynn Maroon
City Clerk

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Town of Belmont
Audit Report
September 30, 2014

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David L. Nichols
Certified Public Accountant PC
P. O. Box 402 305 W. Eastport Street
Iuka, Mississippi 38852-0402

Tel 662-423-5057
Fax 662-423-5061

Independent Auditor's Report

Honorable Mayor and Board of Aldermen
Belmont, Mississippi

I have audited the accompanying Statement of Cash Receipts and Disbursements of the governmental activities and the business-type activities of the Town of Belmont, Mississippi, as of and for the year ended September 30, 2014. This financial statement is the responsibility of the Town's management. My responsibility is to express an opinion on the financial statement based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note I, the Town of Belmont prepares its financial statement on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above presents fairly, in all material respects, the cash receipts and disbursements of the governmental activities and the business-type activities of the Town of Belmont, Mississippi as of and for the year ended September 30, 2014.

In accordance with requirements of the Mississippi State Department of Audit, I have also issued a report dated June 26, 2015, on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of compliance and the results of that testing, and not to provide an opinion on the compliance. That report is an integral part of an audit performed in accordance with requirements of the Mississippi State Department of Audit and should be considered in assessing the results of my audit.

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My audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the Town of Belmont's basic financial statement. The accompanying supplementary information is presented for purposes of additional analysis as required by the Mississippi State Department of Audit. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole.

David L Nichols
Certified Public Accountant PC

June 26, 2015

Town of Belmont
Statement of Cash Receipts and Disbursements
Governmental and Business-Type Activities
For the Year Ended September 30, 2014

	Governmental Activities	Business-Type Activities			
	General	Gas	Water/Sewer	Garbage	Total
Receipts					
General Property Taxes	$ 333,312	$	$	$	$
Licenses and Permits					
Privilege	15,152				
Utility Tax	37,591				
Intergovernmental Revenues:					
Federal Revenues:					
Federal Payments in Lieu of Taxes	25,015				
Federal Grants	2,959				
State Shared Revenues:					
State Grants					
Homestead Exemption Reimbursement	19,474				
General Sales Tax	299,770				
Fire Protection Allocation	11,014				
Gasoline Tax	5,653				
Municipal Aid	1,008				
Grants from Local Units:					
Pro-Rata County Road Tax	59,461				
Charges for Services:		1,367,204	434,115	125,113	1,926,432
Fines and Forfeitures	67,652				
Rents and Royalties	29,402				
Sale of Cemetery Lots	6,000				
Sale of Investments	-				
Sale of Equipment	-				
Insurance Proceeds	268				
Miscellaneous	1,285				
Total Receipts	$ 915,016	$ 1,367,204	$ 434,115	$ 125,113	$ 1,926,432

See accompanying notes and accountant's report.

Town of Belmont
Statement of Cash Receipts and Disbursements
Governmental and Business-type Activities
For the Year Ended September 30, 2013

	Governmental Activities	Business-Type Activities			
	General	Gas	Water/Sewer	Garbage	Total
Disbursements					
General Government	$ 245,793	$	$	$	$
Public Safety					
Police	543,239				
Fire	56,049				
Public Works	70,088				
Culture and Recreation	113,773				
Enterprise		1,074,198	313,190	54,114	1,441,502
Debt Service					
Total Disbursements	$ 1,028,942	$ 1,074,198	$ 313,190	$ 54,114	$ 1,441,502
Excess (Deficiency) of receipts over disbursements	$ (113,926)	$ 293,006	$ 120,925	$ 70,999	$ 484,930
Other Sources (Uses)					
Bond and Note Payments	$ (27,461)	$	$ (84,767)	$	$ (84,767)
Interest Payments	(3,077)		(70,337)		(70,337)
Capital Outlay	(15,182)	(8,999)	(79,302)		(88,301)
Lease Payments		(8,767)	(8,767)		(17,534)
Loan Proceeds					0
Interest Income	1,662				0
Operating Transfers In	871,000	107,000	484,392		591,392
Operating Transfers Out	(77,392)	(1,278,000)		(107,000)	(1,385,000)
Total Other Sources (Uses)	$ 749,550	($1,188,766)	$ 241,219	$ (107,000)	$ (1,054,547)
Excess (Deficiency) of receipts and other financing sources over disbursements and other financing uses	$ 635,624	$ (895,760)	$ 362,144	$ (36,001)	$ (569,617)
Cash Balances - Beginning of Year	(595,651)	896,482	(226,152)	170,058	840,388
Cash Balances - End of Year	$ 39,973	$ 722	$ 135,992	$ 134,057	$ 270,771

See accompanying notes and accountant's report.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Belmont are discussed in subsequent sections of this Note. The remainder of the Notes is organized to provide explanations, including required disclosures, of the Town's financial activities for the fiscal year ended.

A. Reporting Entity

The Town is small municipality located in northeast Mississippi with a population of approximately 2,021. The municipality operates under the Mayor/Alderman form of government in which the mayor and aldermen are elected for four-year terms that expire simultaneously. The Town provides the following services: general administrative services; public safety (police and fire); public works (streets); culture and recreation (parks and library); health and sanitation, water distribution, sewage, and natural gas distribution.

For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the Mayor and Board of Aldermen.

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The financial statements of the Town were prepared in conformity with the cash receipts and disbursements basis of accounting. Under this basis of accounting, revenues are recognized when received and expenses are recognized when paid.

Major revenue sources in the governmental funds include sales taxes, pro-rata county road taxes, and property taxes. Principal operating receipts for proprietary funds are receipts from customers for sales or services. Principal operating expenditures are the costs of providing goods and services and include administrative expenditures, capital outlays for property and equipment, and note payments on long-term debt.

The Town reports the following funds:

Governmental Activities:

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

Special Revenue Fund: The Special Revenue Fund is used for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are restricted to expenditures for specified purposes.

Business-type Activities

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 of providing services to the general public on a continuing

basis be financed or recovered primarily through user charges. For the year ended September 30, 2014, the Town operated three enterprise funds: Gas Fund, Water and Sewer Fund, and Sanitation Fund.

C. Financial Statement Amounts

Cash and Investments

The Town invests surplus funds in Certificates of Deposit which are recorded at cost which approximates fair value. Cash deposits are reported at carrying amount which reflects fair value.

II. Stewardship, Compliance, and Accountability

A. Budgets

The Town prepares and adopts an annual budget for all governmental funds on the modified accrual basis. The budget acts as the financial plan for the operations of the Town for the ensuing annual period. Revisions may be made to the original budget as necessary with the approval of the Board of Aldermen; however, budgetary amendments which equal or exceed 10 percent of the originally budgeted level must be publicly advertised. The legal level of budgetary control is at the departmental level with all appropriations lapsing at year end. Budgetary amounts are formally integrated into the general ledger.

The proposed budget is presented to the Board at the August meeting and is published at least one time during September. At least one public hearing is held prior to the final adoption of the budget. By resolution, the Board adopts and approves the final budget by September 15th and enters it in detail upon the minutes.

Management is required by statute to adhere to the limits prescribed by the budget, and the governing body compares actual to budgetary expenditures at each regular monthly meeting.

B. Risk Management

Significant losses of the Town were covered by commercial insurance and the Mississippi Municipal Liability Plan for all major programs. For the insured programs, there were no significant reductions in insurance coverage, and settlement amounts did not exceed coverage for the current year or the three prior years. The Municipal Liability Plan is a self-insured pool which operates essentially in the same manner as a commercial carrier. Participation by the municipality is voluntary and the entity may selectively cover assets under this plan.

C. State Retirement Plan

The Town contributes to the Public Employee's 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 39201-1005 or by calling (601) 359-3589 or (800) 444-PERS.

At September 30, 2014 PERS members were required to contribute 9.0% of their annual covered salary, and the Town was required to contribute 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.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The book value of the Town's cash, cash equivalents, and investments held on deposit were as follows:

Cash	$310,744
Investments	0
Total on Deposit	$310,744
Collateral Factor	105%
Total to be Collateralized	$326,281
Collateral Pledged	$326,281
Collateral Margin	$0

These amounts include checks written but not cleared and deposits in transit.

B. Pledged Securities for Cash, Cash Equivalents, and Investments in Certificates of Deposit

The collateral for public entities' deposits in financial institutions is now 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 pubic funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation. Book balance of all cash, cash equivalents, and investments on deposit at year end totaled $310,744 and the bank balance was $307,225.

C. Summary of Inter-fund Transfers

Inter-fund transfers during the year ended September 30, 2014, were as follows:

	Transfers In	Transfers Out
General Fund	$871,000	$77,392
Water Fund	484,392	
Gas Fund	107,000	1,278,000
Garbage Fund		107,000
Total	$1,462,392	$1,462,392

Transfers are used to account for (1) financing by the general fund of programs accounted for in other funds, (2) monies collected in other funds and appropriated to the debt service fund to offset debt service expenditures, and (3) monies collected in other funds and appropriated to capital project funds to offset capital expenditures and grant match obligations.

D. Commitments

The Town entered into contracts with Utility Service Company, Inc. for renovations and maintenance of the Town's water storage tanks. These contracts continue for a term of five years and are renewable by agreement of both parties. Annual commitments are as follows:

75,000 Gallon Tank	250,000 Gallon Tank	300,000 Gallon Tank	350,000 Gallon Tank	Total
$8,569	$6,810	$12,833	$13,110	$41,322

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Supplementary Information

Town of Belmont
Schedule Reconciling Original Ad Valorem Tax Rolls to Fund Collections
For the Year Ended September 30, 2014

	Assessed Value	Tax	
Adjusted Assessed Valuation:			
Realty	$8,931,205		
Personal and Public Utilities	3,454,244		
Automobile (Remitted by County)	1,972,430		
Total Town at 25.48 Mills	$14,357,879	$365,839	
Less: Homestead Exemption Allowed		(31,782)	
			$334,057
Add: Actual Homestead Reimbursement		$19,474	
In-lieu Tax Collections		23,460	
Prior Year Collections		13,119	
Penalties and Interest on Delinquent Taxes		1,988	
			58,041
Deduct: County Tax Collector's Commissions			(2,525)
Total to Be Accounted For:			$389,573

	Taxes	Homestead Reimbursement		
Credits:				
Collections Allocated to:				
General	$368,157	$19,474		$387,631
Balance Represented by:				
Unpaid Taxes			$3,756	
Unaccounted for			(1,814)	1,942
Total Accounted For:				$389,573

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See accountant's report.

Town of Belmont
Schedule of Investments
September 30, 2014

The Town had no investments at September 30, 2014.

See accountant's report.

Town of Belmont
Schedule of Capital Assets
For the Year Ended September 30, 2014

Governmental Activities

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

Business-type Activities

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

See accountant's report.

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Town of Belmont
Schedule of Long-term Debt
For the Year Ended September 30, 2014

	Beginning Balance	New Issues	Principal Repayments	Ending Balance
Governmental Activities				
Cook Coggin Loan	$13,638		$6,000	$7,638
CAP Loan	76,757	0	7,460	69,297
GO Bonds	20,000	0	20,000	0
Total	$110,395	$0	$33,460	$76,935
Busniness-type Activities				
Water Fund				
DEQ Loan	$931,492	$0	$54,729	$876,763
NEMPDD Loan	35,604	0	3,011	32,593
RD Loan	779,242	0	22,565	756,677
RD Loan	283,485	0	4,460	279,025
Total	$2,029,823	$0	$84,765	$1,945,058

See accountant's report.

Town of Belmont
Schedule of Surety Bonds
September 30, 2014

Name	Position	Coverage
Buddy Wiltshire	Mayor	$50,000
Lynn Maroon	City Clerk	$50,000
Claudia Smith	Deputy Clerk	$50,000
Debbie Bonds	Court Clerk	$50,000
Donald Reno	Police Chief	$50,000
Brandon Pharr	Alderman	$50,000
Mike Harris	Alderman	$50,000
Sonya Harris	Alderman	$50,000
Steve Ratliff	Alderman	$50,000
Craig Bell	Alderman	$50,000
Donald Thomas	Police Officer	$25,000
Scotty Hughes	Police Officer	$25,000
Monica Bronson	Police Officer	$25,000
James Beasley	Police Officer	$25,000
James Guthery	Police Officer	$25,000
Amanda Richardson	Police Officer	$25,000
Randy Cornelison	Police Officer	$25,000

See accountant's report.

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

Honorable Mayor and Board of Aldermen
Belmont, Mississippi

I have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Belmont, as of and for the year ended September 30, 2014, which collectively comprise the Town of Belmont's basic financial statements and have issued my report thereon dated June 26, 2015. I conducted my audit in accordance with the cash receipts and disbursements basis of accounting which is a basis of accounting other than 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town of Belmont's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Town of Belmont's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town of Belmont's internal control over financial reporting.

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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did identify certain deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. I consider the deficiencies described in the accompanying schedule of findings and responses, items 14-1 to 14-4, to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Belmont's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 14-5 to 14-8.

This report is intended solely for the information and use of management, board of aldermen, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

David L. Nichols
Certified Public Accountant PC

June 26, 2015

Town of Belmont
Schedule of Findings and Responses
September 30, 2014

Section 1: Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued on the financial statement:

Governmental Activities	Unqualified
General Fund	Unqualified
Business-Type Activities	Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	__X__yes	_____no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____yes	__X__no
Noncompliance material to financial statements noted?	__X__yes	_____no

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Town of Belmont
Schedule of Findings and Responses
September 30, 2014

Section 2: Financial Statement Findings
Significant Deficiency-Material Weakness

14-1 Category: Control Environment
Topic: Separation of Duties
Note: Repeat of Prior Year Findings Not Yet Resolved

Condition, Cause, and Effect:

The Town employed only three individuals who shared responsibility for all cash transactions and record-keeping. The Town's bookkeeper is also an authorized check signer. These conditions could have resulted in material errors or irregularities occurring and remaining undetected for a considerable time.

Recommendation:

The cost benefit of implementing corrective action over this condition may not be justified. However, the Town's management should be aware of this risk from the lack of segregation of duties and provide added oversight of the accounting function. Management should also strengthen other internal controls to the fullest extent possible to mitigate the effect of the lack of separation of duties.

Town's Corrective Action Response:

The Town's management is applying as many techniques as possible to acquire maximum segregation of duties within cost benefit parameters.

14-2 Category: Control Environment
Topic: General Policies and Procedures
Note: Repeat of Prior Year Findings Not Yet Resolved

Condition, Cause, and Effect:

Previously identified internal control weaknesses have not been corrected. Responsibility for designing and implementing internal control procedures rests with the Town's management; however, due to the inherent weaknesses associated with governing a small municipality, it is frequently difficult for the Town's management to become actively involved in designing and implementing effective internal control policies and procedures. This often results in failure to resolve prior audit findings.

Recommendation:

Management should review its current system of controls and initiate a corrective action plan to improve or eliminate weaknesses noted during the examination of the Town's books and accounts.

Town's Corrective Action Response:

Management concurs with the recommendation.

14-3 Category: Control Environment
Topic: Note Receivable

Condition, Cause, and Effect:

Management failed to take appropriate steps to enforce the terms of repayment for a note receivable of $343,000 from Collier-Windham Partnership which is in default. Because financial statements were not provided from 2005 through 2009, the total unpaid balance on this note is not known. The unpaid balance on this note for 2010 through 2014 is $16,000.

Recommendation:

Management should take appropriate steps to enforce the terms of repayment to recover monies due the Town on this note.

Town's Corrective Action Response:

Management concurs with the recommendation.

14-4 Category: Control Environment
Topic: Account Reconciliation

Condition, Cause, and Effect:

Property taxes and court fines received were not reconciled monthly resulting in unidentified differences at year end as follows:

Property taxes:	$1,814
Court fines:	$5,363

Recommendation:

Management should ensure that critical accounts are reconciled on a monthly basis.

Town's Corrective Action Response:

Management concurs with the recommendation.

Section 3: Financial Statement Findings
Material Non-compliance

14-5 Category: Laws, Regulations, and Other Agreements
Topic: Capital Assets
Note: Repeat of Prior Years' Finding Not Yet Resolved.

Condition, Cause, and Effect:

Management failed to maintain a capital asset ledger, identify and record infrastructure assets, tag or otherwise identify other capital assets, or conduct an annual inventory of capital assets as required by the State Audit Manual. Management also failed to design and implement policies and procedures to correct this condition. The effect of this failure is that management is unable to properly safeguard the assets owned by the Town.

Recommendation:

Management should require that all capital assets be identified, recorded, and inventoried to ensure that the Town's assets are properly safeguarded.

Town's Corrective Action Response:

Management concurs with the recommendation.

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14-6	Category:	Laws, Regulations, and Other Agreements
	Topic:	Indebtedness
	Note:	Repeat of Prior Year Finding Not Yet Resolved

Condition, Cause, and Effect:

The Town failed to comply with debt issuance restrictions as required by state statute. The Town obtained financing for engineering services with an unsecured short-term loan of $18,000. This loan fails to meet the specifications of Mississippi Code Section 21-33-326 or 17-21-53 relating to issuance of debt.

Recommendation:

The Town should liquidate this debt as soon as possible and refrain from entering into indebtedness which does not meet the requirements of the state statute.

Town's Corrective Action Response:

The Town concurs with the recommendation.

Town of Belmont
Schedule of Findings and Responses
September 30, 2014

14-7	Category:	Laws, Regulations, and Other Agreements
	Topic:	Budget
	Note:	Repeat of Prior Year Finding Not Yet Resolved

Condition, Cause, and Effect:

Management failed to approve the Budget vs Actual monthly and exceeded its budget in the following categories as follows:

General Government	$ 13,511
Public Safety-Police	$ 13,708
Public Works-Streets	$ 13,828
Culture and Recreation-Parks	$ 20,088
Water	$ 190,976
Gas	$1,246,245
Garbage	$ 36,165

Recommendation:

Management should maintain spending limits within the confines of the approved budget. The Board of Aldermen should approve the Budget vs. Actual monthly.

Town's Corrective Action Response:

Management concurs with the recommendation.

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14-8	Category:	Laws, Regulations, and Other Agreements
	Topic:	PGA
	Note:	Repeat of Prior Year Finding Not Yet Resolved

Condition, Cause, and Effect:

Management failed to properly price natural gas to its customers that reside outside one mile of the city limits in violation of an order of the Mississippi Public Service Commission. The Town was unable to identify the customers that were regulated by the PSC order; therefore, this violation resulted in an undetermined amount of over-billings to those customers for the current year.

Recommendation:

Management should monitor its pricing of natural gas on a monthly basis and strictly adhere to PSC regulations. Management should also identify those customers that are subject to PSC regulation.

Town's Corrective Action Response:

Management concurs with the recommendation.

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

Honorable Mayor and Board of Aldermen
Belmont, Mississippi

I have audited the financial statement of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Belmont, Mississippi, as of and for the year ended September 30, 2014 and have issued my report thereon dated June 26, 2015. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, I 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 objective of my audit and, accordingly, I do not express such an opinion.

The results of those procedures and my audit of the financial statement disclosed the following material instances of noncompliance with state laws and regulations which are identified as Findings 14-1 through 14-5.

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

This report is intended for the information and use of the Board of Alderman and management of the Town of Belmont, the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

David L. Nichols
Certified Public Accountant PC

June 26, 2015

Town of Belmont
Schedule of Findings with State Laws and Regulations
September 30, 2014

Financial Statement Findings
Material Non-compliance with State Laws and Regulations

14-1 Category: Laws, Regulations, and Other Agreements
Topic: Capital Assets
Note: Repeat of Prior Years' Finding Not Yet Resolved.

Condition, Cause, and Effect:

Management failed to maintain a capital asset ledger, identify and record infrastructure assets, tag or otherwise identify other capital assets, or conduct an annual inventory of capital assets as required by the State Audit Manual. Management also failed to design and implement policies and procedures to correct this condition. The effect of this failure is that management is unable to properly safeguard the assets owned by the Town.

Recommendation:

Management should require that all capital assets be identified, recorded, and inventoried to ensure that the Town's assets are properly safeguarded.

Town's Corrective Action Response:

Management concurs with the recommendation.

14-2	Category:	Laws, Regulations, and Other Agreements
	Topic:	Indebtedness
	Note:	Repeat of Prior Year Finding Not Yet Resolved

Condition, Cause, and Effect:

The Town failed to comply with debt issuance restrictions as required by state statute. The Town obtained a financing with an unsecured promissory note of $18,000 from a local firm for professional services which had been rendered. This loan fails to meet the specifications of Mississippi Code Section 21-33-326 or 17-21-53 relating to issuance of debt.

Recommendation:

The Town should liquidate this debt as soon as possible and refrain from entering into indebtedness which does not meet the requirements of the state statute.

Town's Corrective Action Response:

The Town concurs with the recommendation.

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14-3 Category: Laws, Regulations, and Other Agreements
Topic: Budget
Note: Repeat of Prior Year Finding Not Yet Resolved

Condition, Cause, and Effect:

Management failed to approve the Budget vs Actual monthly and exceeded its budget in the following categories as follows:

General Government	$ 13,511
Public Safety-Police	$ 13,708
Public Works-Streets	$ 13,828
Culture and Recreation-Parks	$ 20,088
Water	$ 190,976
Gas	$1,246,245
Garbage	$ 36,165

Recommendation:

Management should maintain spending limits within the confines of the approved budget. The Board of Aldermen should approve the Budget vs. Actual monthly.

Town's Corrective Action Response:

Management concurs with the recommendation.

14-4	Category:	Laws, Regulations, and Other Agreements
	Topic:	PGA
	Note:	Repeat of Prior Year Finding Not Yet Resolved

Condition, Cause, and Effect:

Management failed to properly price natural gas to its customers that reside outside one mile of the city limits in violation of an order of the Mississippi Public Service Commission. The Town was unable to identify the customers that were regulated by the PSC order; therefore, this violation resulted in an undetermined amount of over-billings to those customers.

Recommendation:

Management should monitor its pricing of natural gas on a monthly basis and strictly adhere to PSC regulations. Management should also identify those customers that are subject to PSC regulation.

Town's Corrective Action Response:

Management concurs with the recommendation.

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14-5	Category:	Laws, Regulations, and Other Agreements
	Topic:	Note Receivable
	Note:	Repeat of Prior Year Finding Not Yet Resolved

Condition, Cause, and Effect:

Management failed to take appropriate steps to enforce the terms of repayment for a note receivable of $343,000 from Collier-Windham Partnership which is in default. Because financial statements were not provided from 2005 through 2009, the total unpaid balance on this note is not known. The unpaid balance for 2010 through 2014 is $16,000.

Recommendation:

Management should take appropriate steps to enforce the terms of repayment to recover monies due the Town on this note.

Town's Corrective Action Response:

Management concurs with the recommendation.