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TOWN OF SLEDGE, MISSISSIPPI

COMPILED FINANCIAL STATEMENTS
AND AGREED-UPON PROCEDURES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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1918 - 1977

Roger A. Garrett, C.P.A.
1922 - 2008

Dwight L. Young, Jr., C.P.A.
Sylvia C. Alger, C.P.A.



The Dwight L. Young Group

CERTIFIED PUBLIC ACCOUNTANTS

604 S. 16TH STREET / P.O. DRAWER 280 / OXFORD, MS 38655-0280 / PHONE (662) 234-1251 / FAX (662) 236-3804

INDEPENDENT ACCOUNTANT'S
SPECIAL REPORT ON AGREED-UPON PROCEDURES
FOR SMALL MUNICIPALITIES (TOWNS)

RECEIVED

JAN 28 2016

Honorable Mayor and Board of Alderman
Town of Sledge
Sledge, Mississippi

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Sledge, Mississippi, as of September 30, 2015, and for the year then ended, as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Mississippi Code Ann. (1972). This report is solely for the use of the governing body of the Town of Sledge, 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 bank to balances in the respective general ledger accounts and obtained confirmation of the related balances from the bank:

<u>BANK</u>	<u>FUND</u>	<u>BALANCE PER GENERAL LEDGER</u>
Southern Bancorp	Health Council	\$ 4,458
Southern Bancorp	General	73,667
Southern Bancorp	Water & Sewer	61,260
Southern Bancorp	Fire	35,312
Southern Bancorp	CDBG	5
Total		<u>174,702</u>
Southern Bancorp	Payroll	1,896
Total		\$ <u>176,598</u>

2. The Town did not possess any securities held for investment during the year.
3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
 - a. Verified use of certified county assessment rolls and traced levies to governing body minutes,

b. Traced distributions of taxes collected to proper funds; and

c. Traced property tax levies to governing body minutes.

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, and uncollected taxes were determined to be properly handled.

Ad valorem tax collections were found to be within the limitations of Sections 27-39-320 to 27-39-323, Mississippi Code Ann. (1972).

The Town collected sufficient funds from the water department to service the note payable to U.S. Department of Agriculture.

4. We obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated were traced to deposits in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

<u>PAYMENT PURPOSE</u>	<u>RECEIVING FUND</u>	<u>LEDGER AMOUNT</u>
General Municipal Aid	General	\$ 272
Sales Tax Allocation	General	19,867
Gasoline Tax	General	1,635
Homestead Exemption	General	10,311
Nuclear Plant	General	3,444
Fire Protection	General	1,500
Grantor Payments	Special Revenue	10,976
Total		\$ <u>48,005</u>

5. We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for proper approval and compliance with purchasing requirements set forth in Title 31, Chapter 7, Mississippi Code Ann. (1972), if applicable.

The sample consisted of the following:

Number of items	73
Total Dollar Value of Sample	\$96,174

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

6. No agreed-upon procedures were required for municipal fines as the Town of Sledge does not have a municipal court.
7. We have read the Municipal Compliance Questionnaire completed by the municipality. The following responses to the questionnaire indicate noncompliance with state requirements:

The municipality did not publish a synopsis or notice of the annual audit within 30 days of acceptance (Section 21-35-31 or Section 21-17-19)

Because the above procedures do not constitute an audit 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 the items specified in Paragraphs 1, 2, and 3 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 Sledge, Mississippi, for the year ended September 30, 2015.

The Dwight L. Young Group

The Dwight L. Young Group
Oxford, Mississippi
December 10, 2015

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Mayor and Board of Alderman
Town of Sledge
Sledge, Mississippi

Management is responsible for the accompanying financial statements of the Town of Sledge, which comprise the combined statement of revenue collected and expenses paid-all funds and the statement of revenue collected and expenses paid-water and sewer fund as of September 30, 2015, and the related notes to the financial statements in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The Dwight L. Young Group

The Dwight L. Young Group
Oxford, Mississippi
December 10, 2015

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JAN 28 2016

TOWN OF SLEDGE, MISSISSIPPI
 COMBINED STATEMENT OF REVENUE COLLECTED AND EXPENSES PAID (ALL FUNDS)
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

REVENUES	GOVERNMENTAL FUND TYPES			PROPRIETARY	TOTALS (MEMORANDUM ONLY)
	GENERAL	FIRE	SMOKE FREE FUND	FUNDS WATER AND SEWER	
General Property Taxes	\$ 82,575	\$ -	\$ -	\$ -	\$ 82,575
Licenses and Permits	160	-	-	-	160
Franchise Tax on Utilities	11,223	-	-	-	11,223
Intergovernmental Revenue-					
General Municipal Aid	272	-	-	-	272
State Shared Revenue:					
Sales Tax	19,867	-	-	-	19,867
Gasoline Tax	1,635	-	-	-	1,635
Fire Insurance Premium	-	1,500	-	-	1,500
In Lieu Tax (Grand Gulf)	3,445	-	-	-	3,445
Homestead Exemption	10,311	-	-	-	10,311
Public Safety	-	-	-	-	-
Charges for Services:					
Water and Sewage Utility	-	-	-	128,552	128,552
Interest Income	-	14	-	-	14
Total Revenue Receipts	<u>129,488</u>	<u>1,514</u>	<u>-</u>	<u>128,552</u>	<u>259,554</u>
Other Receipts:					
Smoke Free Fund	<u>10,976</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,976</u>
Total Other Receipts	<u>10,976</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,976</u>
Total Receipts	<u>140,464</u>	<u>1,514</u>	<u>-</u>	<u>128,552</u>	<u>270,530</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SLEDGE, MISSISSIPPI
 COMBINED STATEMENT OF REVENUE COLLECTED AND EXPENSES PAID (ALL FUNDS)
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUNDS		TOTALS (MEMORANDUM ONLY)
	GENERAL	FIRE	SMOKE FREE FUND	WATER AND SEWER	SPECIAL REVENUE FUND	
<u>OPERATING DISBURSEMENTS</u>						
General Government						
(Executive and Financial)	\$ 97,381	\$ (2,966)	\$ (4,458)	\$ -	\$ -	\$ 89,957
Public Safety:						
Police	-	-	-	-	-	-
Highways and Streets:						
Lighting	17,944	-	-	-	-	17,944
Water and Sewage Utility	-	-	-	87,317	-	87,317
Insurance	9,218	-	-	-	-	9,218
Legal and Professional	4,000	-	-	-	-	4,000
Total Operating Disbursements	<u>128,543</u>	<u>(2,966)</u>	<u>(4,458)</u>	<u>87,317</u>	<u>-</u>	<u>208,436</u>
Other Disbursements:						
Capital Expenditures	-	-	-	557	-	557
Rural Development Principal	-	-	-	10,557	-	10,557
Rural Development Interest	-	-	-	1,371	-	1,371
Total Other Disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,485</u>	<u>-</u>	<u>12,485</u>
Total Disbursements	<u>128,543</u>	<u>(2,966)</u>	<u>(4,458)</u>	<u>99,802</u>	<u>-</u>	<u>220,921</u>
Excess (Deficiency) of Receipts over Disbursements	11,921	4,480	4,458	28,750	-	49,609
Cash Balance - Beginning of Year	<u>61,746</u>	<u>30,832</u>	<u>-</u>	<u>32,510</u>	<u>5</u>	<u>125,093</u>
Cash Balance - End of Year	\$ <u>73,667</u>	\$ <u>35,312</u>	\$ <u>4,458</u>	\$ <u>61,260</u>	\$ <u>5</u>	\$ <u>174,702</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SLEDGE, MISSISSIPPI
 STATEMENT OF REVENUE COLLECTED AND EXPENSES PAID - WATER & SEWER FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Revenue:	
Water Sales	\$ <u>128,552</u>
	<u>128,552</u>
Expenses:	
Travel	175
Allied Waste	33,128
Dues & Subscriptions	150
Interest - Rural Development Loan	1,371
Returned Checks	160
Office	1,016
Repairs & Maintenance	11,362
Taxes-Sales	329
Professional Services	2,449
Utilities	10,244
Utility Contractors	11,225
Conference/Travel	129
Supplies	3,116
Insurance	3,784
Salaries	<u>10,050</u>
Total Water Expenses	<u>88,688</u>
Net Profit (Loss) - Ordinary	<u>39,864</u>
Water & Sewer Improvements	557
Rural Development - Loan Principal	<u>10,557</u>
Net Revenue Over Expenses	\$ <u><u>28,750</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

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TOWN OF SLEDGE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1. Summary of Significant Accounting Policies.

The more significant of the government's accounting policies are described below.

A. Reporting Entity.

The Town uses a Mayor and Board of Alderman type government. In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The Town of Sledge has no component units.

The Town of Sledge is located in the Mississippi Delta. The Mississippi Delta has an agricultural based economy. The economic stability of the taxpayers and utility customers of the Town of Sledge is significantly affected by this environment.

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

B. Fund Accounting.

The government uses funds to report on the cash receipts and disbursements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities including the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund. Special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes.

TOWN OF SLEDGE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided to outside parties (enterprise funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, a pension trust fund, a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

C. Basis of Accounting.

The financial statement is prepared on a 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.

D. Report Classification.

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.

E. Cash.

The Town deposits excess funds in financial institutions selected by the board in accordance with state statutes. Cash consists of amounts on deposit in demand accounts and is valued at cost.

TOWN OF SLEDGE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Various restrictions on these deposits are imposed by state statutes. These restrictions are summarized as follows:

All deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) or by the Federal Savings and Loan Insurance Corporation (FSLIC), or any successors to such insurance corporations, must be collateralized in an amount equal to 105% of the uninsured amount. The collateral must be on deposit with the Town Clerk.

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 with any financial institution approved for the deposit of state funds.

F. Memorandum Only - Total Columns.

Total columns on the financial statement are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial positions, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2. Property Tax.

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied as of January 1 and payable on or before February 1. Taxes are collected and remitted by the Quitman County Tax Collector.

The distribution of taxes to funds was in accordance with prescribed tax levies, and uncollected taxes were properly handled.

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TOWN OF SLEDGE, MISSISSIPPI
 SCHEDULE OF LONG-TERM DEBT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

DEFINITION AND PURPOSE	BALANCE OUTSTANDING	TRANSACTIONS DURING FISCAL YEAR		BALANCE OUTSTANDING
<u>REVENUE BONDS</u>	<u>1-OCT-14</u>	<u>ISSUED</u>	<u>REDEEMED</u>	<u>30-SEP-15</u>
5% Waterworks and Sewer System Revenue Bond				
Original amount \$175,000. Interest payable annually starting 10/18/1985. Principal payable annually beginning 10/18/1987 and ending 10/18/2019. Total principal and interest payments were \$11,928 for the year.	\$ <u>32,231</u>	\$ <u>-</u>	\$ <u>10,557</u>	\$ <u>21,674</u>
Total	\$ <u>32,231</u>	\$ <u>-</u>	\$ <u>10,557</u>	\$ <u>21,674</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SLEDGE, MISSISSIPPI
 SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
 SEPTEMBER 30, 2015

<u>NAME</u>	<u>POSITION</u>	<u>SURETY</u>	<u>BOND AMOUNT</u>
Joyce Eckford	Alderman	Traveler's Casualty and Surety Company of America	\$ 5,000
LaJoya Stokes	Alderman	Traveler's Casualty and Surety Company of America	5,000
Lorraine Watson	Alderman	Traveler's Casualty and Surety Company of America	5,000
Jeffrey Riley	Alderman	Traveler's Casualty and Surety Company of America	5,000
Harold Eckford	Alderman	Traveler's Casualty and Surety Company of America	5,000
Julie Branch	Mayor	Traveler's Casualty and Surety Company of America	25,000
Barbara Leach	City Clerk	Traveler's Casualty and Surety Company of America	50,000

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

Honorable Mayor and Board of Alderman
Town of Sledge
Sledge, Mississippi

We have audited the basic financial statements of the Town of Sledge as of and for the year ended September 30, 2015, and have issued our report dated December 10, 2015. 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.

This report is intended for the information of the Town of Sledge's management and 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.

The Dwight L. Young Group

The Dwight L. Young Group
Oxford, Mississippi
December 10, 2015

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