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Town of Sledge, Mississippi

Special Report on Agreed Upon Procedures For Small Municipalities (Towns)

For the Year Ended September 30, 2008

The Myles CPA Firm, PLLC
Certified Public Accountants
Tupelo, Mississippi

Town of Sledge, Mississippi

Table of Contents

	Page
Table of Contents	i
Special Report on Agreed-Upon Procedures for Small Municipalities (Towns)	1-3
Accountant's Compilation Report	4
Combined Statement of Cash Receipts and Disbursements (All Funds)	5-6
Notes to the Financial Statements	7-10
Schedule of Long- Term Debt	11
Schedule of Surety Bonds for Municipal Officials	12
Independent Auditor's Report on Compliance with State Laws and Regulations	13-14

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SPECIAL REPORT ON AGREED-UPON PROCEDURES FOR SMALL MUNICIPALITIES (TOWNS)

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, 2008, 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). It is understood the 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:

Bank	Fund	Balance Per General Ledger
Southern Bancorp	General	$ 2,495
Southern Bancorp	Water & Sewer	275
Southern Bancorp	Fire	3,897
Total		$ 6,667

2. The Town did not possess any securities held for investment. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Mississippi Code Ann. (1972), and are presented below.

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. Examined uncollected taxes for proper handling, including tax sales,
   c. Traced distribution of taxes collected to proper funds; and
   d. Analyzed increase in taxes for most recent period for completion with increase limitations of Sections 27-39-320 to 27-39-323, Mississippi Code Ann. (1972).

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

   Ad valorem tax collections were found to be within the limitations of Sections 27-39-320 to 2739-323, Mississippi Code Ann. (1972).

   There were no Ad valorem tax collections for the retirement of general obligation debt. Ad valorem tax collections for the retirement of water and sewer bonds were found to be sufficient for payment of current principal and interest in accordance with limitations imposed by Sections 2133-87 and 21-33-303, Mississippi Code Ann. (1972).

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. Payments traced were as follows:

Payment Purpose	Receiving Fund	Ledger Amount
General Municipal Aid	General	$ 276
Sales Tax Allocation	General	17,583
Gasoline Tax	General	1,454
Homestead Exemption Reimbursement	General	9,653
Law Enforcement Assistance Grant	General	-
Nuclear Plant	General	3,505
Fire Protection	General	2,740
Public Safety	General	6,005
Total		$ 41,216

5. The Town of Sledge is so small that we were able to review the entire record of purchases for the fiscal year. Nothing came to our attention that would lead us to believe that the Town's purchasing procedures were not in agreement with the requirement of Title 31, Chapter 7, Mississippi Code Ann. (1972)

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

6. The Town did not prepare the Municipal Compliance Questionnaire. Based on our interview of the Town Clerk, we noted the following:

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

   b. The Town Clerk did not submit to the board a monthly report of expenditures against each budget item for the month, fiscal year-to-date, and the unexpended balances of each budget item (Section 21-35-13)

   c. Fixed assets were not properly tagged and accounted (Section II-Municipal Audit & Accounting Guide)

   d. The Town did not contract with a Certified Public Accountant or an auditor approved by the State Auditor for its annual audit within twelve months of the end of the fiscal year (Section 21-35-31).

The Myles CPA Firm, PLLC
Certified Public Accountant
Tupelo, Mississippi

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, other significant 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, 2008.

THE MYLES CPA FIRM, PLLC
Certified Public Accountants

BY: _____
Wayne E. Myles
Certified Public Accountant
FOR THE FIRM

Tupelo, Mississippi
August 24, 2011

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ACCOUNTANT'S COMPILATION REPORT

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

I have compiled the accompanying statement of cash receipts and disbursements – all fund types as of September 30, 2008, and for the year then ended, in accordance with Statements on Standards for Accounting and Review Services established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

THE MYLES CPA FIRM, PLLC
Certified Public Accountants

BY: _____
Wayne E. Myles
Certified Public Accountant
FOR THE FIRM

Tupelo, Mississippi
August 24, 2011

Town of Sledge Mississippi
Combined Statement of Cash Receipts and Disbursements (All Funds)
For the Fiscal Year Ended September 30, 2008

	Governmental Funds		Proprietary Fund	
REVENUES	General	Fire	Water and Sewer	Totals (Memorandum Only)
General Property Taxes	41,553	-	-	41,553
Penalties and Interest on Delinquent Taxes	-	-	-	-
Licenses and Permits	-	-	-	-
Franchise Tax on Utilities	-	-	-	-
Intergovernmental Revenue:				
General Municipal Aid	276	-	-	276
State Shared Revenue:				
Sales Tax	17,583	-	-	17,583
Gasoline Tax	1,454	-	-	1,454
Motor Vehicle Tax	14,989	-	-	14,989
Alcoholic Beverage License	-	-	-	-
Fire Insurance Premium	-	5,140	-	5,140
In Lieu Tax (Grand Gulf)	3,505	-	-	3,505
Homestead Exemption	9,653	-	-	9,653
Public Safety	6,005	-	-	6,005
Charges for Services:				
Water and Sewage Utility	-	-	-	-
Natural Gas Utility	-	-	93,207	93,207
Sanitation Fees	-	-	-	-
Interest Income	-	-	-	-
Other Income	30,344	-	-	30,344
Total Revenue Receipts	125,362	5,140	93,207	223,709
Other Receipts:				
Transfers from Other Funds	16,492	1,700	16,385	34,577
Other	-	-	-	-
Total Other Receipts	16,492	1,700	16,385	34,577
Total Receipts	141,854	6,840	109,592	258,286
Cash Balance (Beginning of Year) Note 4	2,767	5,653	1,569	9,989
Total to Account for	144,621	12,493	111,161	268,275

The accompanying notes are an integral part of these Financial Statements.

The Myles CPA Firm, PLLC
Certified Public Accountant
Tupelo, Mississippi

Town of Sledge Mississippi
Combined Statement of Cash Receipts and Disbursements (All Funds)
For the Fiscal Year Ended September 30, 2008

	Governmental Funds		Proprietary Funds	
	General	Fire	Water and Sewer	Totals (Memorandum Only)
OPERATING DISBURSEMENTS				
General Government (Executive and Financial)	51,280	-	-	51,280
Public Safety:				
Police	42,868	-	-	42,868
Fire Protection	-	-	-	-
Highways and Streets:				
Lighting	11,162	-	-	11,162
Sanitation	-	-	-	-
Water and Sewage Utility	-	-	89,212	89,212
Natural Gas Utility	-	-	-	-
Interest on Bank Loans	-	-	-	-
Summer Food Service Program	-	-	-	-
Insurance	10,210	-	-	10,210
Legal & Professional	10,371	-	-	10,371
Total Operating Disbursements	125,891	-	89,212	215,103
Other Disbursements:				
Transfers Out	16,235	8,596	9,746	34,577
Rural Development	-	-	11,928	11,928
Total Other Receipts	16,235	8,596	21,674	46,505
Total Disbursements	142,126	8,596	110,886	261,608
Cash Balance - End of Year	2,495	3,897	275	6,667
Total Amount Accounted for	144,621	12,493	111,161	268,275

The accompanying notes are an integral part of these Financial Statements.

The Myles CPA Firm, PLLC
Certified Public Accountant
Tupelo, Mississippi

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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.

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.

(Continued)

Note 1 - Summary of Significant Accounting Policies (Cont'd.)

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 Classifications

Receipts and disbursements were classified according to requirements for small towns in the State of Mississippi as prescribed by the Office of the State Auditor.

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.

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 of 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. N either 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 Bolivar County Tax Collector.

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

Note 3 – Payroll Tax Arrearage

The Town of Sledge, Mississippi has failed to make timely and/or adequate payroll tax deposits for six (6) quarters dating back to the first quarter of 2003. The total to date of this report is approximately$28,000. The Town is making payments as they are able.

Note 4 – Cash Balance Adjustments

The beginning cash balances were adjusted for reconciled items that were omitted in computing the closing balances of 2007. The Fire Fund was included in the General Fund on the 2007 statements. Expenditures totaling $3,895 were omitted from the combined General and Fire Funds and $1,569 from the Water and Sewer Fund.

Town of Sledge Mississippi
Schedule of Long-Term Debt
For the Fiscal Year Ended September 30, 2008

Definition and Purpose Revenue Bonds	Balance Outstanding 1-Oct-07	Transactions During Fiscal Year Issued	Redeemed	Balance Outstanding 30-Sep-08
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 $11,988 for the year.	93,562	-	10,489	83,073
Total	93,562	-	10,489	83,073

The accompanying notes are an integral part of these Financial Statements.

Town of Sledge Mississippi
Schedule of Surety Bonds for Municipal Officials
September 30, 2008

NAME	POSITION	SURETY	BOND
Ruby Eckford	Alderman	Traveler's Casualty and Surety Company of America	5,000
David Rayford	Alderman	Traveler's Casualty and Surety Company of America	5,000
Lorene Watson	Alderman	Traveler's Casualty and Surety Company of America	5,000
Mary Wright	Alderman	Traveler's Casualty and Surety Company of America	5,000
Lois Coleman	Alderman	Traveler's Casualty and Surety Company of America	5,000
Bernard Handy	Mayor	Traveler's Casualty and Surety Company of America	25,000
Yvonne Amos	City Clerk	Traveler's Casualty and Surety Company of America	50,000
	Chief of Police	Traveler's Casualty and Surety Company of America	25,000
	Deputy Clerk	Traveler's Casualty and Surety Company of America	10,000
	Police Officers	Traveler's Casualty and Surety Company of America	25,000

The accompanying notes are an integral part of these Financial Statements.

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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 general-purpose financial statements of the Town of Sledge as of and for the year ended September 30, 2008 and have issued our report dated August 24, 2011. 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 the following material instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses are as follows:

2008 Findings:

2008-1 Observations: The Town did not publish a synopsis or notice of the annual audit within 30 days of acceptance (Sections 21-35-31 or 21-17-19).

The Town did not tag or account for fixed assets (Section II-Municipal Audit and Accounting Guide).

The Town did not contract with a Certified Public Accountant or auditor approved by the State Auditor for its annual audit within twelve months of the end of the fiscal year (Section 21-35-31).

The Town did not prepare the Municipal Compliance Questionnaire as required.

The Town needs to take greater care in recording transactions and writing checks to be sure checks include the proper memos and that transactions are coded to the proper fund categories.

Recommendation: We recommend the Town develop a corrective action plan detailing the procedures and policies it will take or initiate to correct the conditions mentioned above.

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 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 MYLES CPA FIRM, PLLC
Certified Public Accountants

BY: _____
Wayne E. Myles
Certified Public Accountant
FOR THE FIRM

Tupelo, Mississippi
August 24, 2011