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TOWN OF OSYKA, MISSISSIPPI
FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

VERDALEE B. WATTS
CERTIFIED PUBLIC ACCOUNTANT

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TOWN OF OSYKA, MISSISSIPPI
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES
YEAR ENDED SEPTEMBER 30, 2014

VERBALEE B. WATTS
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January 7, 2015

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**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES**

The Mayor and Board of Alderpersons
Town of Osyka
Osyka, Mississippi 39657

I have performed the procedures enumerated below, which were agreed to by the Office of the State Auditor, to the accounting records of Town of Osyka, Mississippi, solely to assist the Office of the State Auditor evaluate the Town of Osyka, Mississippi's compliance with certain laws and regulations as of September 30, 2014, and for the year then ended. This agreed-upon-procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Office of the State Auditor, State of Mississippi. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

My procedures and findings are as follows:

1. I 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
First Bank	General Fund	\$ 28,709
First Bank	General Fund - Library	7
First Bank	General Fund - Fire Protection	41
First Bank	General Fund - Police Fines & Assessments	3,110
First Bank	General Fund - Donations	40
	Total General Fund	\$ 31,907
First Bank	Water & Sewer Fund	\$ 511
First Bank	Water & Sewer Fund	7,818
	Total Water & Sewer Fund	\$ 8,329
First Bank	Clearing Fund	\$ 1,141

2. I physically examined securities held for investment. Securities held in trust were confirmed directly with respective trustees. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972).

Bank	Fund	Balance Per General Ledger
First Bank	General - CD #83258	\$ 938
First Bank	Water & Sewer - CD #78210	1,953
First Bank	Water & Sewer - CD #87435	1,935
First Bank	Water & Sewer - CD #87437	4,836
First Bank	Water & Sewer - CD #88946	6,313
	Total Water & Sewer Fund	\$ 15,037

3. I performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
- Examined uncollected taxes for proper handling, including tax sales;
 - Traced distribution of taxes collected to proper funds; and
 - Analyzed increase in taxes for most recent period for compliance with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, 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, Miss. Code Ann. (1972).

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4. I 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:

Payment Purpose	Receiving Fund	Amount
Fire Protection Allocation	General Fund	\$ 2,397
Gasoline Tax	General Fund	657
Homestead Exemption Reimb.	General Fund	8,842
Sales Tax Allocation	General Fund	65,952
General Municipal Aid	General Fund	1,262
Grand Gulf Settlement	General Fund	4,383
Community Development Block Grant	CDBG Fund	178,361
	Total	\$ 261,854

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

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

6. I selected a sample of collections of fines and forfeitures to verify that the municipal court clerk had settled daily with the municipal clerk. I also selected a sample of state-imposed court assessments collected to determine that the municipal clerk had settled monthly with the Department of Finance and Administration.

I found the municipality to not be in agreement with the requirements of the abovementioned sections.

7. I have read the Municipal Compliance Questionnaire completed by the Municipality. The completed survey indicated one instance of noncompliance with state requirements, which is noted in item 6.

I was not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on management's compliance with laws and regulations. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of Town of Osyka and the Office of the State Auditor, State of Mississippi and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is not intended to be and should not be used by anyone other than those specified parties.

VERBALEE B. WATTS & ASSOCIATES



Verbalee B. Watts
Certified Public Accountant

January 7, 2015

ACCOUNTANT'S COMPILATION REPORT

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ACCOUNTANT'S COMPILATION REPORT

Mayor and Board of Aldermen
Town of Osyka, Mississippi 39657

We have compiled the accompanying Combined Statement of Cash Receipts and Disbursements, 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 Osyka, Mississippi, as of and for the year ended September 30, 2014, as listed in the table of contents. We have not audited or reviewed the accompanying financial statements and accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the Cash Receipts and Disbursements basis of accounting.

The management of the Town of Osyka, Mississippi is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

As described in Note 1 to the financial statements, the Town of Osyka, Mississippi, prepares its financial statements on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

Management also has not presented the management's discussion and analysis and other required supplemental information that Governmental Accounting Standards Boards has determined is required to supplement, although not required to be a part of the basic financial statements.

VERBALEE B. WATTS & ASSOCIATES


Verbaelee B. Watts
Certified Public Accountant

FINANCIAL STATEMENTS

TOWN OF OSYKA, MISSISSIPPI
COMBINED STATEMENT OF
CASH RECEIPTS AND CASH DISBURSEMENTS - ALL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Governmental --- Activities ---		Business-Type --- Activities ---	--- Memorandum Only --- Totals	
	General Fund	Special Revenue	Water Fund	2014	2013
<u>REVENUE RECEIPTS</u>					
General Property	\$ 100,766	\$ -	\$ -	\$ 100,766	\$ 91,006
Licenses and Permits	623	-	-	623	749
Franchise & In-Lieu Tax	12,578	-	-	12,578	10,298
Intergovernmental Revenues:					
General Municipal Aid (From State)	1,919	-	-	1,919	1,419
State Shared Revenues:					
Grand Gulf	4,383	-	-	4,383	4,409
Sales Tax	65,952	-	-	65,952	64,363
Homestead Exemption Reimbursement	8,842	-	-	8,842	8,277
Charges for Services:					
Water/Sewer Utility	-	-	171,560	171,560	151,451
Garbage	31,986	-	-	31,986	29,991
Fines and Forfeitures	32,586	-	-	32,586	27,816
<u>TOTAL REVENUE RECEIPTS</u>	\$ 259,635	\$ -	\$ 171,560	\$ 431,195	\$ 389,779
<u>OTHER RECEIPTS</u>					
Rent	4,400	-	-	4,400	-
Bancorp - Note Proceeds	-	-	-	-	41,036
Donations	5,000	-	-	5,000	3,600
Interest	68	-	61	129	196
Meter Deposits	-	-	1,700	1,700	2,495
Miscellaneous	161	-	1,789	1,950	4,069
Grant Funds	1,500	177,861	-	179,361	48,572
Transfer In	-	7,657	-	7,657	7,210
<u>TOTAL OTHER RECEIPTS</u>	\$ 11,129	\$ 185,518	\$ 3,550	\$ 200,197	\$ 107,178
<u>TOTAL RECEIPTS</u>	270,764	185,518	175,110	631,392	496,957
<u>CASH BALANCE -</u>					
<u>BEGINNING OF YEAR</u>	44,889	22,993	25,447	93,329	95,032
<u>TOTAL AMOUNT</u>					
<u>TO ACCOUNT FOR</u>	\$ 315,653	\$ 208,511	\$ 200,557	\$ 724,721	\$ 591,989

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

TOWN OF OSYKA, MISSISSIPPI
COMBINED STATEMENT OF
CASH RECEIPTS AND CASH DISBURSEMENTS - ALL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	<u>Governmental</u>		<u>Business-Type</u>	<u>--- Memorandum Only ---</u>	
	<u>--- Activities ---</u>		<u>--- Activities ---</u>	<u>Totals</u>	
	<u>General</u>	<u>Special</u>	<u>Water</u>	<u>2014</u>	<u>2013</u>
	<u>Fund</u>	<u>Revenue</u>	<u>Fund</u>		
<u>CASH DISBURSEMENTS</u>					
Salaries	\$ 120,891	\$ -	\$ 49,811	\$ 170,702	\$ 175,898
Retirement	18,927	-	7,845	26,772	23,294
Payroll Taxes	10,484	-	4,202	14,686	14,525
Employee Medical Insurance	-	-	-	-	2,223
Repairs	1,832	-	27,015	28,847	37,204
Supplies	5,177	-	19,567	24,744	5,360
Other Services and Repairs	28,666	-	18,096	46,762	32,305
Insurance	10,533	-	11,019	21,552	10,714
Garbage WMI	33,475	-	-	33,475	30,061
Legal and Professional	4,398	-	-	4,398	8,537
Christmas Lights	6,000	-	-	6,000	2,600
Utilities	2,919	-	7,503	10,422	10,509
Repairs - Street and Lights	23,909	-	-	23,909	21,529
Library Expense	9,979	-	-	9,979	6,134
Interest on Notes	-	-	9,578	9,578	2,900
Note Payable FHA	-	-	3,575	3,575	3,230
Note Payable SRF	-	-	6,945	6,945	13,429
Note Payable Bancorp	-	-	7,874	7,874	6,358
Note Payable General	-	-	-	-	5,749
Travel Expense	112	-	-	112	970
Capital Outlay	565	-	283	848	44,176
Transfers Out	3,829	-	3,828	7,657	7,210
2014 Grant Expense	-	208,511	-	208,511	28,842
Other	1,112	-	-	1,112	4,903
<u>TOTAL DISBURSEMENTS</u>	<u>\$ 282,808</u>	<u>\$ 208,511</u>	<u>\$ 177,141</u>	<u>\$ 668,460</u>	<u>\$ 498,660</u>
<u>CASH BALANCE-END OF YEAR</u>	<u>32,845</u>	<u>-</u>	<u>23,416</u>	<u>56,261</u>	<u>93,329</u>
<u>TOTAL AMOUNT</u>					
<u>ACCOUNTED FOR</u>	<u>\$ 315,653</u>	<u>\$ 208,511</u>	<u>\$ 200,557</u>	<u>\$ 724,721</u>	<u>\$ 591,989</u>

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

TOWN OF OSYKA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

(1) **Summary of Significant Accounting Policies**

The Town of Osyka operates under a Mayor/Alderman form of government subject to the legal budgetary and audit requirements of the Mississippi State Department of Audit for municipalities with a population of 3,000 or less.

A. **Reporting Entity**

The Cash Receipts and Disbursements of the Town consist of all the funds of the Town.

B. **Fund accounting**

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity.

C. **Basis of Accounting**

The financials are 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.

(2) **Report Classification**

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

(3) **Collateral for deposits**

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 public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution should be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

(4) **Encumbrance Accounting**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to serve that portion of the applicable appropriation, is not used by the Town of Osyka.

(5) **Compensated Absences**

The town of Osyka, Mississippi does not compensate employees for unused vacation or sick leave.

TOWN OF OSYKA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

(6) **Tax Revenue**

Property taxes on real property, personal property, mobile homes and automobiles are collected by Pike County and remitted to Osyka monthly. The Department of Finance and Administration directly deposits the funds due the municipality each month as required.

(7) **Defined Benefit Pension Plan**

Plan Description

The town of Osyka, 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's Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601)359-3589 or 1-800-444-PERS.

Funding Policy

PERS members are required to contribute 9% of their annual covered salary and the Town of Osyka is required to contribute at an actuarial determined rate. In 2014, the employer contribution rate remained at 15.75% of covered salaries.

The contribution of PERS members is established and may be amended only by the State of Mississippi Legislature. The Town of Osyka, Mississippi contributions to PERS for the year ended September 30, 2014 was \$26,772 which equaled the required contributions for the year.

(8) **Commitments and Contingencies**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town of Osyka carries commercial insurance.

Grant monies received and disbursed by the Town of Osyka, Mississippi are for specific purposes and are subject to audit and review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the Town does not believe that such disallowances, if any, would have a material effect on the financial position of the Town.

TOWN OF OSYKA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

(9) Water and Sewer Debt

A schedule of debt is on page 12 of this report.

The following is a summary of note payable maturities:

<u>Year Ending</u> <u>September 30.</u>	<u>Water & Sewer</u> <u>Fund</u>
2015	\$ 11,989
2016	12,557
2017	10,414
2018	<u>1,485</u>
	<u>\$ 36,445</u>

(10) Subsequent Events

There were no subsequent events that would affect these financial statements.

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SUPPLEMENTAL INFORMATION

TOWN OF OSYKA, MISSISSIPPI
SCHEDULE OF INVESTMENTS - ALL FUNDS
SEPTEMBER 30, 2014

GENERAL FUND:

Certificate of Deposit
General Revenue

Certificate # 83258, due 2/10/2015,
bearing 0.25% interest

\$ 938

TOTAL GENERAL FUND

\$ 938

ENTERPRISE FUND:

Certificate of Deposit
Water and Sewer Fund

Certificate # 78210, due 8/18/2016,
bearing 0.60% interest

1,953

Certificate # 88946, due 11/8/2014,
bearing 0.50% interest

6,313

Certificate # 87435, due 3/1/2015,
bearing 0.10% interest

1,935

Certificate # 87437, due 3/10/2015,
bearing 0.10% interest

4,836

TOTAL ENTERPRISE FUND

15,037

TOTAL INVESTMENTS - ALL FUNDS

\$ 15,975

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

TOWN OF OSYKA, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
SEPTEMBER 30, 2014

<u>Date of Issue</u>	<u>Purpose</u>	<u>Balance Outstanding 9/30/13</u>	<u>Transactions During Fiscal Year</u>		<u>Balance Outstanding 9/30/14</u>
			<u>Issued</u>	<u>Redeemed</u>	
9/30/91	Water Sewer Improvements	\$ 13,217	\$ -	\$ 3,575	\$ 9,642
6/30/94	Water Sewer Improvements	6,944	-	6,944	-
11/1/12	256 Telsa Radio Read Meters	34,678	-	7,875	26,803
		<u>\$ 54,839</u>	<u>\$ -</u>	<u>\$ 18,394</u>	<u>\$ 36,445</u>

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

TOWN OF OSYKA, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
SEPTEMBER 30, 2014

<u>NAME</u>	<u>POSITION</u>		<u>BOND</u>
G. Allen Applewhite	Mayor	\$	50,000
Carey Christian	Alderman	\$	10,000
Tommy Kizer	Alderman	\$	10,000
Betty Mullins	Alderwoman	\$	10,000
James Morris, Jr.	Alderman	\$	10,000
Roddie Varnado	Alderman	\$	10,000
Allen Fry	Police Officer	\$	25,000
Robert Mullins	Police Chief	\$	50,000
Marcus Overton	Police Officer	\$	25,000
Felder Smith, Sr.	Police Officer	\$	25,000
Pamela Simmons	Deputy City Clerk	\$	50,000
Hilda Wall	Town Clerk	\$	50,000

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STATE AUDITOR COMPLIANCE

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**REPORT ON COMPLIANCE WITH STATE
 LAWS AND REGULATIONS**

To the Mayor and Board of Aldermen
 Town of Osyka, Mississippi

We have compiled the accompanying Statement of Cash Receipts and Disbursements – Governmental and Business-type Activities, Schedule of Investments, Schedule of Long-term Debt, and Schedule of Surety Bonds for the year ended September 30, 2014, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

We have performed procedures to test compliance with certain state laws and regulations as described in the Municipal Compliance Questionnaire that is prescribed by the office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the town's compliance with these requirements. Accordingly, we do not express such an opinion.

This report is intended for the information and use of management 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.

VERBALEE B. WATTS & ASSOCIATES

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 Verbaelee B. Watts
 Certified Public Accountant

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