Town of Jonestown, Mississippi

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

For the Year Ended September 30, 2014

THE MYLES CPA FIRM, PLLC
Certified Public Accountants
Tupelo, Mississippi

Town of Jonestown, Mississippi

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

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

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Jonestown, Mississippi, as of September 30, 2014, 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 Jonestown, 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
First National Bank	General	$ (8,884)
CB & S Bank	Water & Sewer	14,290
Shreveport Federal Credit Union	Water & Sewer Reserve	21,024
Delta Federal Credit Union	General	330
Total		$ 26,760

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 is 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 27-39-323, 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 21-33-87 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	$ 647
ABC Permits	General	900
Sales Tax Allocation	General	46,994
Gasoline Tax	General	3,468
Homestead Exemption Reimbursement	General	11,552
Nuclear Plant	General	21,831
Fire Protection	General	7,074
MS Development Authority	General	37,012
Total		$ 129,478

5. The Town of Jonestown 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. Fixed assets were not properly tagged and accounted (Section II-Municipal Audit & Accounting Guide).

   b. 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).

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 Jonestown, Mississippi, for the year ended September 30, 2014.

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Certified Public Accountants
Tupelo, Mississippi
July 28, 2016

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ACCOUNTANT'S COMPILATION REPORT

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

I have compiled the accompanying statement of cash receipts and disbursements – all fund types as of September 30, 2014, 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

THE MYLES CPA FIRM, PLLC
Certified Public Accountants
Tupelo, Mississippi
July 28, 2016

Town of Jonestown, Mississippi
Combined Statement of Cash Receipts and Disbursements (All Funds)
For the Fiscal Year Ended September 30, 2014

	Governmental Fund Types		
		Special Revenue Funds	
	General	Insurance Fund	Community Dev. Block Grant
REVENUE RECEIPTS:			
General Property Taxes	$ 146,235	$ -	$ -
Licenses and Permits	877	-	-
Franchise Taxes	20,107	-	-
Inter-Governmental Revenues:			
General Municipal Aid	647	-	-
State Shared Revenue:			
General Sales Tax	46,994	-	-
Road Tax	155	-	-
Motor Vehicle Fuel Tax	3,468	-	-
Alcoholic Beverage License	900	-	-
Fire Protection	7,074	-	-
Grand Gulf Distribution	21,831	-	-
Gaming	1,245	-	-
Motor Vehicle Licenses	51,771	-	-
Emergency Management	-	-	-
Police Safety	-		
State Grants - Health	-	-	-
CDBG - Planning Grant	-	-	-
MS Development Authority	37,012	-	-
Charges for Services:			
Water and Sewage Utility	-	-	-
Waste Collection	-	-	-
Fines and Forfeits	19,312	-	-
Interest Income	-	-	-
Rent	3,675	-	-
Other Income	11,560	-	-
Total Revenue Receipts	372,863	-	-
Other Receipts			
Transfers from Other Funds	8,000	-	-
Cash Balance Adjustment	-	-	-
Insurance Proceeds	-	-	-
Bank Loan Proceeds - Note 4	-	-	-
Other Proceeds	-	-	-
Total Other Receipts	8,000	-	-
Total Receipts	380,863	-	-
Cash Balance - Beginning of Year	15,950	500	-
Total Amount to Account For	$ 396,813	$ 500	$ -

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

Proprietary Fund		2014 TOTALS (MEMORANDUM ONLY)	2013 TOTALS (MEMORANDUM ONLY)
Water & Sewer Reserve	Water and Sewer Fund		
$ -	$ -	$ 146,235	$ 146,235
-	-	877	877
-	-	20,107	20,107
-	-	647	647
-	-	46,994	46,994
-	-	155	155
-	-	3,468	3,468
-	-	900	900
-	-	7,074	7,074
-	-	21,831	21,831
-	-	1,245	1,245
-	-	51,771	51,771
-	-	-	-
		-	-
-	-	-	-
-	-	-	-
-	-	37,012	37,012
-	211,378	211,378	422,756
-	-	-	-
-	-	19,312	19,312
-	-	-	-
-	-	3,675	3,675
-	47	11,607	11,654
-	211,425	584,288	795,713
-	15,000	23,000	38,000
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	15,000	23,000	38,000
-	226,425	607,288	833,713
39,168	(11,708)	43,910	71,870
$ 39,168	$ 214,717	$ 651,198	$ 905,583

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

Town of Jonestown, Mississippi
Combined Statement of Cash Receipts and Disbursements (All Funds)
For the Fiscal Year Ended September 30, 2014

	Governmental Fund Types		
		Special Revenue Funds	
	General	Insurance Fund	Community Dev. Block Grant
OPERATING DISBURSEMENTS:			
General Government:			
Executive and Financial	$ 145,839	$ -	$ -
Legislative	62,310	-	-
Judicial and Law	30,660	-	-
Public Safety:			
Police	95,734	-	-
Fire	8,316	-	-
Highways and Streets:			
Lighting & Maintenance	20,895	-	-
Sanitation (Note 4)	8,842	-	-
Water and Sewage Utility	-	-	-
Recreation	-	-	-
Election	-	-	-
Beautification	-	-	-
Interest Expense	-	-	-
Summer food Service Program	-	-	-
Total Operating Disbursements	372,596	-	-
OTHER DISBURSEMENTS:			
Transfers	30,203	500	-
City Hall Construction	-	-	-
Lease Payment (Principal)	-	-	-
Payment on Note (Principal)	-	-	-
Summer Food Service Program	-	-	-
Less Depreciation	-	-	-
Capital Outlay	-	-	-
Other Disbursement	2,568	-	-
Total Other Disbursements	32,771	500	-
Total Disbursements	405,367	500	-
Cash Balance - End of Year	(8,554)	-	-
Total Amount Accounted For	$ 396,813	$ 500	$ -

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

Proprietary Fund		2014 TOTALS (MEMORANDUM ONLY)	2013 TOTALS (MEMORANDUM ONLY)
Water & Sewer Reserve	Water and Sewer Fund		
$ -	$ -	$ 145,839	$ 169,348
-	-	62,310	100,443
-	-	30,660	31,002
-	-	95,734	156,450
-	-	8,316	9,024
-	-	20,895	29,648
-	-	8,842	8,086
-	155,354	155,354	155,832
-	-	-	-
-	-	-	-
-	-	-	-
-	18,208	18,208	18,208
-	-	-	-
-	173,562	546,158	678,041
18,144	23,000	71,847	20,857
-	-	-	-
-	-	-	-
-	26,201	26,201	26,201
-	-	-	-
-	-	-	-
-	-	-	1,348
-	371	2,939	3,136
18,144	49,572	100,987	51,542
18,144	223,134	647,145	729,583
21,024	14,290	26,760	43,910
$ 39,168	$ 237,424	$ 673,905	$ 773,493

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

Town of Jonestown Mississippi
Profit & Loss Statement – Water & Sewer Fund
For the Fiscal Year Ended September 30, 2014

Revenue:	
Water Sales	$ 211,378
Other Income	47
Total Water Fund Revenues	211,425
Expenses:	
Salaries	41,853
Fringe Benefits	8,306
Chemical	8,293
Supplies	6,901
Professional Services	12,751
Water Well - Electricity	20,696
Repairs and Maintenance	32,884
Inmate Lunches	5,332
Taxes	1,391
Printing and Binding	1,920
Advertising	1,044
Insurance	2,812
Fuel, Oil & Lubricants	10,293
Postage	1,901
Other	1,177
Rural Development Loan - Interest	18,208
Total Water Expenses	175,762
Net Profit (Loss) - Ordinary	35,663
Transfers In	15,000
Transfers Out	(23,000)
Rural Development - Loan Principal	26,201
Net Profit (Loss)	$ 1,462

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

NOTES TO FINANCIAL STATEMENTS

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

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 Jonestown 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 Jonestown 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)

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.

G. Plant and Equipment

Plant and equipment recorded in the water and sewage fund is stated at cost less accumulated depreciation. Depreciation has been provided using the straight-line method.

(Continued)

H. General Fixed Assets

General fixed assets purchased are recorded as expenditures (Capital Outlay) in the fund making the purchase. Such assets are capitalized at cost in the general fixed assets group of accounts.

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 Jonestown County Tax Collector.

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

Note 3 – Fixed Assets – Water and Sewage Fund

The plant and equipment consist of the following:

	Cost	Depreciation Expense	Accumulated Depreciation	Un-Depreciated Cost
Water System Improvements	417,053	16,951	292,895	124,158
Water/Sewage System	852,702	14,212	573,061	279,641
Machinery and Equipment	8,238	-	8,238	-
Water/Sewage Rehab	676,751	16,919	219,947	456,804
Total	$ 1,954,744	$ 48,082	$ 1,094,141	$ 860,603

Water and Sewage Fund

Note 3 – Bonds Payable

TOWN OF JONESTOWN	Payable To	Dated	Due	Face Amount	Balance Due
4.50%	Rural Development (Formerly FmHA)	September 1, 1999	September 1, 2034	157,100	98,992
5%	Rural Development (Formerly FmHA)	November 28, 1984	November 28, 2019	45,300	7,332
4.50%	Rural Development (Formerly FmHA)	September 1, 1999	September 1, 2034	59,950	36,665
5%	Rural Development (Formerly FmHA)	September 1, 1999	October 1, 2034	380,319	223,647
					$ 366,636

SUPPLEMENTARY INFORMATION

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

Town of Jonestown Mississippi
Schedule of Long-Term Debt
For the Fiscal Year Ended September 30, 2014

Lender	Balance Outstanding September 30, 2013	Transactions During Fiscal Year Issued	Redeemed	Balance Outstanding September 30, 2014
Rural Development	106,066	-	7,074	98,992
Rural Development	7,856	-	524	7,332
Rural Development	39,285	-	2,620	36,665
Rural Development	239,630	-	15,983	223,647
Total	$ 392,837	$ -	$ 26,201	$ 366,636

Total Payments $44,409

Interest Expense recorded at $18,208

See Note 3 in the Notes to the Financial Statements.

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

Town of Jonestown Mississippi
Schedule of Surety Bonds for Municipal Officials
September 30, 2014

NAME	POSITION	COMPANY	BOND
Patrick Campbell	Mayor	Clyde C. Scott	$ 25,000.00
Pearline Johnson	City Clerk	Clyde C. Scott	50,000.00
Josephine Cosby	Alderman	Clyde C. Scott	10,000.00
Lloyd Lewis	Alderman	Clyde C. Scott	10,000.00
Gregory Neely	Alderman	Clyde C. Scott	10,000.00
Ronnie Stoxstill	Alderman	Clyde C. Scott	10,000.00
Yvonne Williams-Brooks	Alderman	Clyde C. Scott	10,000.00

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 Jonestown
Jonestown, Mississippi

We have compiled the Statement of Cash Receipts and Disbursements in accordance with statements on Standards for Accounting and Review Services established by the American Institute of Certified Public Accountants of the Town of Jonestown as of and for the year ended September 30, 2014 and have issued our report dated July 28, 2016.

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.

The results of those procedures disclosed the following material instances of noncompliance with state laws and regulations. Our findings and recommendations and the Town's responses are as follows:

2014 Findings:

2014-1 Observations: 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).

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.

2014-2 Observations: The Town had a negative balance in the general fund at year end.

Recommendation: The Town needs to get the balances current on the books in each account so that deposits and checks can be recorded and the balance determined after each transaction. Monthly bank reconciliations must continue to be completed in a timely manner.

2014-3 Observations: On the end of the year profit and loss, we noted two errors. One, the Grand Gulf tax line item included the homestead reimbursement 02/28/2014 ($526.16) and the 03/03/2016 (521.01) and two, Motor Vehicle tax line item did not include the 01/13/2016 ($1,855.80), which was included as "STATE SHARED REVENUES-Other".

Recommendation: We recommend that communication between the City Clerk and the bookkeeper be fine-tuned in order to insure that all revenue and expenditure items are properly categorized. The monthly profit and loss should be reconciled with the state warrants received each month.

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 Jonestown'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.

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July 28, 2016