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**Town of Burnsville
P. O. Box 308
Burnsville, Mississippi 38833**

January 30, 2016

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

RE: Annual Municipal Audit

Accompanying this letter is a copy of the audit of the Town of Burnsville, Mississippi, for the fiscal year ended September 30, 2015. A separate management letter was not written to the town in connection with this compilation.

Sincerely,

Tracy Roaten
City Clerk

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***Town of Burnsville
Audit Report
September 30, 2015***

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David L. Nichols
Certified Public Accountant PC
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Independent Auditor's Report

Honorable Mayor and Board of Aldermen
Burnsville, 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 Burnsville, Mississippi, as of and for the year ended September 30, 2015. 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 Burnsville 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 Burnsville, Mississippi as of and for the year ended September 30, 2015.

In accordance with requirements of the Mississippi State Department of Audit, I have also issued a report dated January 15, 2016, 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 Burnsville'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

January 15, 2016

Town of Burnsville
Statement of Cash Receipts and Disbursements
Governmental and Business-type Activities
For the Period Ending September 30, 2015

	Governmental Activities				Business-type Activities			
	General	Special Revenue	Other		Water	Sewer	Sanitation	Total
			Funds	Total				
Revenues								
General Property Taxes	\$65,109			\$65,109				
Licenses and Permits								
Privilege	2,441			2,441				
Alcohol	900			900				
Utility Tax	16,985			16,985				
Intergovernmental Revenues								
Federal Revenues								
Federal Grants					\$418,483			\$418,483
Federal Payments in Lieu of Taxes	14,994			14,994				
State Shared Revenues								
State Grants				0				
Homestead Exemption Reimburse	5,899			5,899				
General Sales Tax	153,427			153,427				
Fire Protection Allocation	5,093			5,093				
Gasoline Tax	2,867			2,867				
Fuel Tax Rebate				0				
Municipal Aid	467			467				
Grants from Local Units								
Pro-Rata County Road Tax	13,617			13,617				
Inter-local Agreement	7,500			7,500				
Fines and Forfeitures	28,515			28,515				
Rents and Royalties	1,228			1,228				
Miscellaneous	6,200			6,200				
Enterprises								
Water					\$170,023			\$170,023
Sewer						\$53,673		\$53,673
Garbage							\$52,259	\$52,259
Total Revenues	\$325,242	\$0	\$0	\$325,242	\$170,023	\$472,156	\$52,259	\$694,438

Town of Burnsville
Statement of Cash Receipts and Disbursements
Governmental and Business-type Activities
For the Period Ending September 30, 2015

	Governmental Activities				Business-type Activities			
	General	Special Revenue	Other Government Funds	Total	Water	Sewer	Sanitation	Total
Operating Expenditures								
Judicial	\$8,957			\$8,957				
General Government	80,963			\$80,963				
Public Safety								
Police	81,931			81,931				
Fire	14,053			14,053				
Public Works	47,001			47,001				
Culture and Recreation								
Parks	27,023			27,023				
Libraries	10,050			10,050				
Enterprises								
Water					\$150,167			\$150,167
Sewer						\$39,857		39,857
Garbage							\$52,749	\$52,749
Total Operating Expenditures	\$269,978	\$0	\$0	\$269,978	\$150,167	\$39,857	\$52,749	\$242,773
Excess Receipts over (under)								
Operating Expenditures	\$55,264	\$0	\$0	\$55,264	\$19,856	\$432,299	(\$490)	\$451,665
Other Sources and Uses								
Interest Earned		\$115		\$115	\$54	\$274	\$119	\$447
Loan Proceeds								0
Transfers In	11,549			11,549	11,549			11,549
Transfers Out	(11,549)			(11,549)	(11,549)			(11,549)
Note Payments				0	(10,832)	(8,589)		(19,421)
Interest Payments				0	(717)	(5,257)		(5,974)
Capital Outlay				0		(419,920)		(419,920)
Total Other Sources (Uses)	\$0	\$115	\$0	\$115	(\$11,495)	(\$433,492)	\$119	(\$444,868)
Excess Receipts and Other Sources over (under)								
Operating Expenditures and Other Use	\$55,264	\$115	\$0	\$55,379	\$8,361	(\$1,193)	(\$371)	\$6,797
Cash Balance-Beginning of Year	(38,482)	76,341	0	37,859	6,361	46,529	15,642	68,532
Cash Balance-End of Year	\$16,782	\$76,456	\$0	\$93,238	\$14,722	\$45,336	\$15,271	\$75,329

See accompanying notes and accountant's report.

Town of Burnsville
Notes to the Financial Statements
September 30, 2015

Note 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Statement of Receipts and Disbursements of the Town of Burnsville, Mississippi, have been prepared in conformity with the cash basis of accounting. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and non-cash transactions are not recorded. The cash basis differs from generally accepted accounting principles primarily because accounts receivable, inventory, fixed assets, accounts payable and long-term debt are not included in the Statement of Cash Receipts and Disbursements. The more significant of the Town's accounting policies are described below.

A. **Reporting Entity**

The Town is small municipality located in northeast Mississippi with a population of approximately 1,034. 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 and sewerage.

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

Discreetly Presented Component Units

When applicable, discreetly presented component units are reported in separate columns in the combined financial statements to emphasize their legal separation from the government. However, for the current year ended, the Town had no component units.

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

Basis of Accounting:

Measurement focus relates to the accounting convention used which determines (1) which assets and which liabilities are included on an entity's balance sheet and (2) whether its operating statement presents "financial flow" information (revenues and expenditures) or "capital maintenance" information (revenues and expenses). Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Major sources of revenues for the Town include user fees charged in the enterprise funds and general sales tax and property taxes collected in the general fund.

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Town of Burnsville
Notes to the Financial Statements
September 30, 2015

Basis of Presentation

The following fund types are used by the Town of Burnsville:

Governmental Funds:

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.

Capital Projects Fund: Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or general funds).

Debt Service Fund: Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt, principal, interest, and related costs.

Proprietary Funds:

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 (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. For the current year, the Town operated three enterprise funds: Water, Sewer and Sanitation.

Fiduciary Funds

Trust and Agency Funds: Trust and Agency Funds are used to account for assets held by the Town in a trust capacity or as an agent for employees, individuals, private organizations, other governments, and/or other funds. These include Nonexpendable Trusts, Pension Trust, and Agency Funds. Nonexpendable Trusts and Pension Trust Funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical.

Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Agency Funds are custodial in nature and do not involve measurement of results of operations.

**Town of Burnsville
Notes to the Financial Statements
September 30, 2015**

C. Assets, Liabilities, and Equity

Deposits and Investments

Cash deposits are reported at carrying amount which reasonably estimates fair value. For financial statement purposes, cash and cash equivalents include all short-term highly liquid investments with maturities of three months or less when purchased. Instruments considered cash equivalents include: treasury bills, certificates of deposit, money market funds, and cash management pools.

It is the Town's policy for all cash and cash equivalents to be held in qualified financial institutions which are insured by the Federal Deposit Insurance Corporation. The Town had no investments for the current year.

Total Columns on Financial Statements

Total columns on the financial statements, which are captioned "Memo Only", are presented merely to facilitate analysis. Such data is not comparable to a consolidation and inter-fund eliminations have not been made in the aggregation of this data.

Note 2. **STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

A. Budgets

The Town prepares and adopts an annual budget for all governmental funds on the cash 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. Encumbrances

The Town does not employ encumbrance accounting.

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Town of Burnsville
Notes to the Financial Statements
September 30, 2015

C. Property Taxes

Real property taxes are levied on January 1 and are payable in a single installment due by February 1. The tax rolls are prepared by the County Tax Assessor and are submitted to the Town for approval. Corrections to the tax rolls are approved and authorized by Board of Aldermen.

Property taxes not paid by February 1 are considered in arrears and become subject to tax sale procedures if not paid by August 5. All real property subjected to tax sale procedures is listed and advertised in the manner prescribed by the Mississippi State Code and sold at public auction. Property which is not sold at public auction is forfeited by the taxpayer.

D. 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.

E. State Retirement Plan

All eligible employees of the Town of Burnsville participate in the Public Employees Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer defined benefit pension plan. The Town payroll for employees covered by PERS for the current year ended totaled \$162,850.

Membership in PERS is a condition of employment for all eligible employees of the State of Mississippi, public schools, institutions of higher learning, community and junior colleges, and eligible employees of municipalities, counties, and other political subdivision and instrumentalities of municipal and county governments that have entered into a Membership Agreement approved by PERS Board of Trustees (Board).

Participating employees who retire at or after age 60 with 4 years of credited service, or those who retire regardless of age with at least 25 years of credited service are entitled to an annual retirement allowance, payable monthly for life in an amount equal to 1.875% of their average compensation for each year of credited service up to and including 25 years and 2.0% for each year of credited service over 25 years. Average compensation is the average of the employee's earnings during the highest compensated years of credited service. A member may elect an option for a reduced allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specific number of years. Benefits vest upon completion of 4 years of credited service. PERS also provides certain death and disability benefits as established by state statute.

**Town of Burnsville
Notes to the Financial Statements
September 30, 2015**

All retirees and beneficiaries drawing an allowance from PERS as of December of each year, who have been retired for a least 1 full state fiscal year (July 1 through June 30) are eligible to receive a cost-of-living adjustment (COLA) payable on December 15. The amount of the COLA is based upon the annualized benefit payment, the number of fiscal years retired, the percentage change in the Consumer Price Index, up to a maximum of 2.5%, plus any additional percentage the Board may grant up to a maximum of 1.5%. The base percentage used to compute this payment is cumulative. The Board may grant the additional percentage in increments of 0.25% if there are sufficient investment earnings in excess of the actuarial liabilities in reserves for retired members and beneficiaries.

Covered employees as of the close of the current year of the Town were required by statute to contribute 9.0% of their salary to PERS. If an employee leaves covered employment, accumulated employee contributions plus related investment earnings allocations may be refunded to the employee or designated beneficiary. Each participating employer is required by statute to contribute the remaining amounts necessary to finance the coverage of its own employees. Benefit and contribution provisions are established by state law and may be amended only by the Legislature of the State of Mississippi. The contribution requirement for the current year from the Town was \$40,305 which consisted of \$25,649 from the Town and \$14,656 from employees. The employers and employee contributions represent 15.75% and 9.0% of covered payroll, respectively, for the current year.

Note 3. **DETAILED NOTES ON ALL FUNDS**

A. Deposits and Investments

The Town's cash and cash equivalents held on deposit at year end were as follows:

First American National Bank

Cash on Deposit	\$168,567
	=====

Pledged Securities for Cash on 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 public 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. At year end, the balance of cash, cash equivalents, and investments totaled \$168,567.

Town of Burnsville
Notes to the Financial Statements
September 30, 2015

B. Fixed Assets

Fixed assets purchased, including amounts expended for infrastructure, were recorded as capital outlays and were expensed in the governmental and proprietary funds. These purchases were valued at original cost with no depreciation being recorded in accordance with the cash basis of accounting.

C. Long Term Debt and Leases

Long-term Debt: Sewer Fund:

On September 25, 1999, the Town negotiated a bond issue in the amount of \$140,000 at 4.5% interest with USDA Rural Development. The purpose of this issue was to provide funding for the construction of wastewater disposal system improvements. The loan is repayable over a period of 35 years from the date of the loan closing. Interest only payments were due on the first and second anniversary dates of the bond. Thereafter, an equal amortized payment of \$8,225 will be due on the anniversary date of the bond. Redemption of the bond, in whole or in part, may be made at any time. This bond issue is secured by the revenues of the sewer system. Under the terms of the bond agreement the Town is required to contribute \$3,280 to establish a meter deposit fund. In addition, the Town is required to establish a reserve fund and deposit \$68 per month until \$8,225 is accumulated. See the Schedule of Long-term Debt for details of this indebtedness.

On September 8, 2009, the Town negotiated a loan in the amount of \$48,501 at 3.0% interest with the Mississippi Development Authority. The purpose of this issue was to provide funding for wastewater treatment system improvements. The loan is repayable in monthly installments of \$468 over a period of 10 years from the date of the loan closing. This loan is secured by the revenues of the sewer system. See the Schedule of Long-term Debt for details of this indebtedness.

On June 21, 2013, the Town negotiated a loan in the amount of \$52,291 at 2.0% interest with the Mississippi Department of Health. The purpose of this issue was to provide funding for water treatment system improvements. The loan is repayable in monthly installments of \$962 over a period of 57 months from the date of the loan closing. This loan is secured by sales tax revenues of the Town. See the Schedule of Long-term Debt for details of this indebtedness.

The schedule of Debt Maturities is as follows:

	Principal	Interest	Total
9-30-2016	\$19,431	\$5,963	\$25,394
9-30-2017	\$19,964	\$5,430	\$25,394
9-30-2018	\$16,658	\$4,885	\$21,543
9-30-2019	\$9,381	\$4,464	\$13,845
9-30-2020	\$9,747	\$4,098	\$13,845

Town of Burnsville
Schedule Reconciling Original Ad Valorem Tax Rolls to Fund Collections
For the Year Ended September 30, 2015

	<u>Assessed Value</u>	<u>Tax</u>
Adjusted Assessed Valuation:		
Realty	\$2,710,941	
Personal and Public Utilities	459,505	
Auto (Remitted by County)	<u>467,992</u>	
 Total Town at 20.0 Mills	 \$3,638,438	 \$72,769
 Less: Homestead Exemption Allowed		 <u>(10,560)</u>
		\$62,209
Add: In-Lieu Taxes	\$14,994	
Homestead Exemption Reimbursement	5,899	
Penalties and Interest on Delinquent Taxes	1,094	
Prior Years Collections	<u>2,668</u>	
		24,655
Deduct: County Tax Collector's Commissions		<u>(498)</u>
 Total to Be Accounted For:		 <u><u>\$86,366</u></u>
 Credits:		
Collections Allocated to:		
General Fund		\$86,002
Balance Represented by:		
Unpaid Taxes	\$2,040	
Unaccounted for (Oversettled)	<u>(1,676)</u>	
Total		<u>364</u>
 Total Accounted For:		 <u><u>\$86,366</u></u>

See Accountant's Report.

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**Town of Burnsville
Schedule of Capital Assets
For the Year Ended September 30, 2015**

Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Water Fund:				
Land	\$6,080			\$6,080
Distribution System	2,093,881			2,093,881
Machinery and Equipment	108,425			108,425
Vehicles	33,664			33,664
Total Water Fund	\$2,242,050	\$0	\$0	\$2,242,050
Sewer Fund:				
Land	\$3,000			\$3,000
Distribution System	2,736,681	418,482		3,155,163
Machinery and Equipment	2,731			2,731
Vehicles	27,957			27,957
Total Sewer Fund	\$2,770,369	\$418,482	\$0	\$3,188,851
Sanitation Fund:				
Machinery and Equipment	\$290			\$290
Vehicles	28,598			28,598
Total Sanitation Fund	\$28,888	\$0	\$0	\$28,888
Total Business-type Activities Capital Assets	\$5,041,307	\$418,482	\$0	\$5,459,789

See accountant's report.

**Town of Burnsville
Schedule of Long-term Debt
For the Year Ended September 30, 2015**

Definition and Purpose	Beginning Balance	New Issues	Principal Repayments	Ending Balance
Revenue Bonds				
Sewer	\$102,225	0	3,701	\$98,524
Other Indebtedness				
Water	40,798		10,832	29,966
Sewer	39,189		4,887	34,302
Total	\$182,212	\$0	\$19,420	\$162,792

See accountant's report.

**Town of Burnsville
Schedule of Bonds for Municipal Officials
September 30, 2015**

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Amount</u>
David Nixon	Mayor	MS Mun Liability Plan	\$25,000
Billy Hamm	Alderman	MS Mun Liability Plan	\$25,000
Niesha Carpenter	Alderman	MS Mun Liability Plan	\$25,000
Robert Davis	Alderman	MS Mun Liability Plan	\$25,000
Jason Blakney	Alderman	MS Mun Liability Plan	\$25,000
Tracy Roaten	City Clerk	Travelers Insurance Co	\$50,000
Tracy Roaten	Court Clerk	Travelers Insurance Co	\$50,000
Tiffany Huggins	Deputy City Clerk	Travelers Insurance Co	\$50,000
Adam Hall	Police Officer	Travelers Insurance Co	\$25,000
Grady Smith	Police Officer	Travelers Insurance Co	\$25,000
Joey Clark	Police Officer	Travelers Insurance Co	\$25,000
James Page	Police Officer	Travelers Insurance Co	\$25,000
Brandon Slack	Police Officer	Travelers Insurance Co	\$25,000

See accountant's report.

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David L. Nichols

Certified Public Accountant PC

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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
Burnsville, 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 Burnsville, as of and for the year ended September 30, 2015, which collectively comprise the Town of Burnsville's basic financial statements and have issued my report thereon dated January 15, 2016. 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 Burnsville'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 Burnsville's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town of Burnsville'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 15-1 to 15-2, to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Burnsville'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 our 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 15-3 to 15-6.

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

January 15, 2016

**Town of Burnsville
Schedule of Findings and Responses
For the Year Ended September 30, 2015**

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?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Noncompliance material to financial statements noted?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
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Town of Burnsville
Schedule of Findings and Responses
For the Year Ended September 30, 2015

Section 2: Financial Statement Findings
 Significant Deficiency-Material Weakness

15-1 Category: Control Environment
Topic: Separation of Duties
Note: Repeat of Prior Year Findings Not Yet Resolved

Condition, Cause, and Effect:

The Town employed only two individuals who shared responsibility for all cash transactions and record-keeping. This condition 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.

**Town of Burnsville
Schedule of Findings and Responses
For the Year Ended September 30, 2015**

15-2 Category: Control Environment
Topic: Note Receivable

Condition, Cause, and Effect:

Management failed to monitor repayment terms with Burnsville Elderly Apartments, LLC for a \$400,000 note receivable as required by the loan covenant.

Recommendation:

Management should ensure that Burnsville Elderly Apartments, LLC is in compliance with the loan covenant.

Town's Corrective Action Response:

Management concurs with the recommendation.

**Town of Burnsville
Schedule of Findings and Responses
For the Year Ended September 30, 2015**

Section 3: Financial Statement Findings
Material Non-compliance

15-3 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 properly 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.

**Town of Burnsville
Schedule of Findings and Responses
For the Year Ended September 30, 2015**

15-4 Category: Laws, Regulations, and Other Agreements
 Topic: Budget
 Note: Repeat of Prior Year Finding Not Yet Resolved

Condition, Cause, and Effect:

Management exceeded its budget in the following departments:

General Fund:	
Public Safety	12,993
Public Works	6,517
Culture and Rec	1,297
Water	28,642
Sewer	12,036
Garbage	5,461

Recommendation:

Management should maintain spending limits within the confines of the approved budget.

Town's Corrective Action Response:

Management concurs with the recommendation.

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**Town of Burnsville
Schedule of Findings and Responses
For the Year Ended September 30, 2015**

15-5 Category: Laws, Regulations, and Other Agreements
 Topic: State Assessments

Condition, Cause, and Effect:

Management failed to remit state assessments on fines collected on a prompt and regular basis as required. State assessments were not remitted for 8 months for the year.

Recommendation:

Management should ensure that assessments are settled monthly with the state.

Town's Corrective Action Response:

Management concurs with the recommendation.

**Town of Burnsville
Schedule of Findings and Responses
For the Year Ended September 30, 2015**

15-6 Category: Laws, Regulations, and Other Agreements
 Topic: Inter-local Agreement

Condition, Cause, and Effect:

Management failed to comply with terms of inter-local agreement between the Town and Tishomingo County. The agreement requires that the Town contribute \$7500.00 annually to a separate bank account and provide the county with and annual accounting.

Recommendation:

Management should ensure that the terms of the inter-local agreement are complied with.

Town's Corrective Action Response:

Management concurs with the recommendation.

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

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Fax 662-423-5061

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

Honorable Mayor and Board of Aldermen
Burnsville, 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 Burnsville, Mississippi, as of and for the year ended September 30, 2015 and have issued my report thereon dated January 15, 2016. 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 15-1 through 15-4.

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 Burnsville, 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

January 15, 2016

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Town of Burnsville
Schedule of Findings with State Laws and Regulations
For the Year Ended September 30, 2015

Financial Statement Findings

Material Non-compliance with State Laws and Regulations

15-1 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 properly 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.

**Town of Burnsville
Schedule of Findings and Responses
For the Year Ended September 30, 2015**

15-2 Category: Laws, Regulations, and Other Agreements
 Topic: Budget
 Note: Repeat of Prior Year Finding Not Yet Resolved

Condition, Cause, and Effect:

Management exceeded its budget in the following departments:

General Fund:	
Public Safety	12,993
Public Works	6,517
Culture and Rec	1,297
Water	28,642
Sewer	12,036
Garbage	5,461

Recommendation:

Management should maintain spending limits within the confines of the approved budget.

Town's Corrective Action Response:

Management concurs with the recommendation.

**Town of Burnsville
Schedule of Findings and Responses
For the Year Ended September 30, 2015**

15-3 Category: Laws, Regulations, and Other Agreements
 Topic: State Assessments

Condition, Cause, and Effect:

Management failed to remit state assessments on fines collected on a prompt and regular basis.

Recommendation:

Management should ensure that assessments are settled monthly with the state.

Town's Corrective Action Response:

Management concurs with the recommendation.

**Town of Burnsville
Schedule of Findings and Responses
For the Year Ended September 30, 2015**

15-4 Category: Laws, Regulations, and Other Agreements
 Topic: Budget vs. Actual

Condition, Cause, and Effect:

The Town failed to approve the Budget vs. Actual report monthly as required by state stature.

Recommendation:

The Board of Aldermen should approve Budget vs. Actual monthly.

Town's Corrective Action Response:

Management concurs with the recommendation.

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