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TOWN OF NOXAPATER
AUDITED FINANCIAL STATEMENTS
And SPECIAL REPORTS
SEPTEMBER 30, 2015

TOWN OF NOXAPATER

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TOWN OF NOXAPATER

FINANCIAL SECTION

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Member:
American Institute of CPAs
Mississippi Society of CPAs

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Board of Aldermen
Town of Noxapater, Mississippi

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Noxapater, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements on the basis of cash receipts and disbursements; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Noxapater as of September 30, 2015, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

The Town of Noxapater, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in appropriate operational, economic or historical context. My opinion on the basic financial statements is not affected by this missing information.

Other Required Supplementary Information

The Schedule of Changes in Long-term Debt, the Schedule of Investments, the Schedule of Surety Bonds, and the Schedule of Capital Assets for the Town of Noxapater have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Supplemental Information

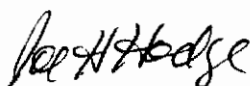
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Noxapater, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In my opinion, based on my audit, the procedures performed as described above, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Requirements Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated March 19, 2016, on my consideration of the Town of Noxapater, Mississippi's internal control over financial reporting and 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 internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Noxapater's internal control over financial reporting and compliance.

Emphasis of Matter

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

A handwritten signature in black ink, appearing to read "Joe H. Hodge".

Joe H. Hodge, CPA
March 19, 2016

TOWN OF NOXAPATER

FINANCIAL STATEMENTS

Town of Noxapater
Statement of Activities and Net Position - Cash Basis
As of and For the Year Ended September 30, 2015

	Program cash receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Fees, Fines & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental Activities:							
General government	\$ 212,530	549			(211,981)		(211,981)
Public safety	48,845	4,715	14,524		(29,606)		(29,606)
Public works	5,557				(5,557)		(5,557)
Interest on long-term debt					0		0
Total Governmental Activities	266,932	5,264	14,524	0	(247,144)	0	(247,144)
Business-type activities:							
Water/Sewer	977,630	323,476		611,375		(42,779)	(42,779)
Total Business-type Activities	977,630	323,476	0	611,375	0	(42,779)	(42,779)
Total Government	\$ 1,244,562	328,740	14,524	611,375	(247,144)	(42,779)	(289,923)
General Receipts							
Taxes:							
Property taxes					30,394		30,394
Sales tax					101,948		101,948
Unrestricted investment income					417	1,038	1,455
Miscellaneous					61,612	3,621	65,233
Total General Receipts					194,371	4,659	199,030
Change in net position					(52,773)	(38,120)	(90,893)
Net Position - Beginning					369,783	511,531	881,314
Net Position - Ending					\$ 317,010	473,411	790,421

(Continued)

Town of Noxapater
Statement of Activities and Net Position - Cash Basis
As of and For the Year Ended September 30,
2015

ASSETS

Cash and cash equivalents
 Restricted cash
 Total Assets

\$ 702,852
 87,569
 \$ 790,421

NET POSITION

Restricted:
 Restricted for municipal fire
 Restricted for water meter deposits
 Unrestricted
 Total Net Position

\$ 11,193
 76,376
 702,852
 \$ 790,421

The notes to the financial statements are an integral part of this statement.

Town of Noxapater
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental and Business-type Funds
As of and For the Year Ended September 30, 2015

	Governmental Activities		Non-Major Funds	Total	Business-type Activities		
	General Fund	Major Fund			Water/Sewer Funds	Capital Projects Grant Fund	Total
RECEIPTS							
Ad valorem taxes	\$ 30,394			30,394			
Penalties & Interest	374						
License and permits	722			722			
Franchise taxes on utilities	19,040			19,040			
Intergovernmental revenues:							
Federal revenues:							
Police grant	14,524			14,524			
CDBG Water Sewer Improvement Project						547,943	547,943
State shared revenues:							
Sales taxes	101,948			101,948			
Homestead Exemption Reimbursement	7,377			7,377			
TVA	4,967			4,967			
General municipal aid	236			236			
Gasoline tax	1,446			1,446			
Railcar	916			916			
Fire insurance rebate			316	316			
Local shared revenues:							
Aid from County	3,531		2,568	6,099			
Charges for services:							
Water and sewer utility					323,476		323,476
Fines and bonds	3,706			3,706			
State Assessment	626						
Other Receipts:							
Interest income	412		5	417	1,038		1,038
Rent	3,040						0
Miscellaneous revenue	7,558			7,558	3,621		3,621
Total Receipts	200,817		2,889	199,666	328,135	547,943	876,078

(Continued)

The notes to the financial statements are an integral part of this statement

Town of Noxapater
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental and Business-type Funds
As of and For the Year Ended September 30, 2015

	Governmental Activities		Business-type Activities		
	Major Fund	Non-Major Funds	Total	Water/Sewer Fund	Capital Projects Grant Fund
DISBURSEMENTS					Total
General government	212,530		212,530		
Public safety	41,221	8,961	50,182		
Public works	5,557		5,557		
Water and sewer utility:					
Personal services				59,603	59,603
Supplies				10,608	10,608
Utilities				52,786	52,786
Other services and charges				101,948	101,948
Total Disbursements	259,308	8,961	268,269	224,945	224,945
Excess of Receipts over (under) Disbursements	(58,491)	(6,072)	(68,603)	103,190	547,943
OTHER CASH SOURCES (USES)					
Capital outlay - equipment	(56,049)		(56,049)		0
Capital outlay - water sewer improvements				(63,432)	(547,943)
Principal paid on bonds and notes			0	(18,346)	(18,346)
Interest paid on bonds and notes			0	(24,554)	(24,554)
Transfers in (out) to other funds	67,266	573	67,839	(39,719)	(39,719)
Deposits Received over refunded				4,741	4,741
Total Other Cash Sources and (Uses)	11,217	573	11,790	(141,310)	(689,253)
Excess (Deficiency) of receipts and other cash sources over disbursements and other cash uses	(47,274)	(5,499)	(52,773)	(38,120)	(38,120)
CASH BASIS FUND BALANCE-Beg. Of Year	336,073	16,692	352,765	511,531	511,531
CASH BASIS FUND BALANCE-End of Year	\$ 288,799	11,193	299,992	473,411	473,411

The notes to the financial statements are an integral part of this statement

(Continued)

Town of Noxapater
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental and Business-type Funds
As of and For the Year Ended September 30, 2015

	Governmental Activities		Business-type Activities		
	Major Fund	Non-Major Funds	Total	Water/Sewer Fund	Capital Projects Grant Fund
	General Fund				
CASH BASIS ASSETS - End of Year					
Cash and cash equivalents	\$ 288,799		288,799	397,035	397,035
Restricted cash		11,193	11,193	76,376	76,376
Total Cash Basis Assets	\$ 288,799	11,193	299,992	473,411	473,411
CASH BASIS FUND BALANCES - End of Year					
Restricted.					
Restricted for municipal fire		11,193	11,193		
Restricted for meter deposits				76,376	76,376
Unassigned	288,799		288,799	397,035	397,035
Total Cash Basis Fund Balances	\$ 288,799	11,193	299,992	473,411	473,411

The notes to the financial statements are an integral part of this statement

TOWN OF NOXAPATER

Notes to Financial Statements September 30, 2015

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

The Town of Noxapater, Mississippi, (the Town) was incorporated April 25, 1906. The Town operates under an alderman/mayor form of government and provides all of the rights and privileges provided by statute for municipalities.

The financial statements of the Town have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

B. Government-wide and Fund Financial Statements.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Town combines the Statement of Activities and Statement of Net Position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct disbursements* are those that are clearly identifiable with a specific function or segment. *Program receipts* include (1) receipts from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as *general receipts*.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation.

The government-wide financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when collected and expenditures are recorded when cash is spent.

Governmental fund financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recognized as soon as they are collected. Expenditures generally are recorded when cash is spent.

The Town reports the following major Governmental Funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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TOWN OF NOXAPATER

Notes to Financial Statements September 30, 2015

The Town reports the following major proprietary funds:

The *water and sewer fund* accounts for the activities of the water and sewer system.

The *capital projects grant fund* accounts for grants to be used for capital expenditures and improvements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program receipts* include (1) receipts from customers or applicants for goods, services or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general receipts* rather than as program receipts.

D. Assets and Net Position or Fund Balance.

1. *Cash and Investments.*

The government's cash and cash equivalents are considered to be cash on hand or invested in certificates of deposit.

2. *Net Position.*

Restricted net position - Consists of cash with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of "restricted".

3. *Fund Balances.*

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Town classifies governmental fund balances as follows:

Non-spendable - Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The Town has no fund balance reported in this category.

Restricted - Includes fund balance amounts that are constrained for specific purposes which are internally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The Town does not have any restricted fund balances.

TOWN OF NOXAPATER

Notes to Financial Statements September 30, 2015

Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. The Town does not have any committed fund balances.

Assigned - Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance may be assigned by management other than the highest decision making authority of the Town. The Town has no fund balance reported in this category.

Unassigned - Includes positive fund balance with the General Fund which has not been classified within the abovementioned categories and negative fund balances in other governmental funds.

The Town uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Town would first use committed, then assigned, and lastly, unassigned amounts of unrestricted fund balance when expenditures are made.

(2) Cash and Cash Equivalents.

At year-end, the Town's carrying amount of deposits was \$371,015 and the bank balance was \$402,367. The collateral for public entities' deposits in financial institutions are 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.

Custodial Credit Risk - Deposits and Investments: Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institution trust department or agent in the name of the Mississippi State Treasurer on the behalf of the Town. As of September 30, 2015, none of the Town's bank balance of \$402,367 was exposed to custodial risk.

Interest Rate Risk: The Town does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The Town does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

(3) Defined Benefit Pension Plan.

Plan Description: The Town of Prentiss 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 Employees' Retirement System, PERS Building, at 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

TOWN OF NOXAPATER

Notes to Financial Statements September 30, 2015

Funding Policy: PERS members are required to contribute 9.00% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS' members are established and may be amended only by the State of Mississippi Legislature. The Town's contributions to PERS for the years ended September 30, 2015, 2014 and 2013 are \$30,292, \$27,956, and \$26,869, respectively, which is equal to the required contributions for each year.

TOWN OF NOXAPATER

REQUIRED SUPPLEMENTARY INFORMATION

Town of Noxapater
Budgetary Comparison Schedule -
Budget and Actual
General Fund
For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive Negative
REVENUE				
General Property Taxes	\$ 30,000	30,000	30,394	394
License and permits	1,500	1,500	722	(778)
Franchise taxes on utilities	30,200	32,000	26,777	(5,223)
General municipal aid	500	500	235	(265)
Sales taxes	100,000	102,000	101,948	(52)
Gasoline tax	1,300	1,300	1,446	146
Aid from county	3,400	3,400	3,531	131
Homestead Exemption	7,000	7,000	7,377	377
Fines and forfeits	8,200	8,200	3,756	(4,444)
Interest income	1,000	1,000	439	(561)
Miscellaneous revenue	4,450	4,450	24,192	19,742
Total Revenue	<u>187,550</u>	<u>191,350</u>	<u>200,817</u>	<u>9,467</u>
EXPENDITURES				
General government	143,975	145,050	212,530	(67,480)
Public safety	40,900	40,900	48,845	(7,945)
Public works	5,400	5,400	5,557	(157)
Total Expenditures	<u>190,275</u>	<u>191,350</u>	<u>266,932</u>	<u>(75,582)</u>
Excess of Revenue over (under) Expenditures	<u>(2,725)</u>	<u>0</u>	<u>(66,115)</u>	<u>(66,115)</u>
OTHER CASH SOURCES (USES)				
Transfers in (out)			18,841	18,841
Total Other Cash Sources and Uses	<u>0</u>	<u>0</u>	<u>18,841</u>	<u>18,841</u>
Net Change in Cash Basis Fund Balance	<u>(2,725)</u>	<u>0</u>	<u>(47,274)</u>	<u>(47,274)</u>
Cash Basis Fund Balances - Beginning	<u>110,000</u>	<u>110,000</u>	<u>336,073</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 107,275</u>	<u>110,000</u>	<u>288,799</u>	<u>(47,274)</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

TOWN OF NOXAPATER

Notes to the Required Supplementary Information For the Year Ended September 30, 2015

A. Budgetary Information.

Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Aldermen of the Town, using historical and anticipated fiscal data, prepares an original budget for the General Fund for said fiscal year. The completed budget for the fiscal year includes every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Aldermen that budgetary estimates will not be met, it may make revisions to the budget.

The Town's budget is prepared on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original adopted budget, the final adopted budget, actual amounts on a budgetary (Non-GAAP) basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund.

C. Budget Reconciliation.

As discussed in Note 1, the financial statements are prepared on the basis of cash receipts and disbursements which is the same as the basis used for budget preparation.

TOWN OF NOXAPATER

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Town of Noxapater
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2015

		Balance	Interest Rate	Transactions		Monthly Payment	Balance
		Outstanding		During Fiscal Year			Outstanding
		9/30/2014		Issued	Redeemed		9/30/2015
Definition and Purpose							
USDA	#3	\$ 499,990	4.50%	0	16,591	3,200	\$ 483,399
	#10	<u>65,577</u>		<u>0</u>	<u>1,755</u>	<u>375</u>	<u>63,822</u>
Total		<u>\$ 565,567</u>		<u>0</u>	<u>18,346</u>		<u>\$ 547,221</u>

Town of Noxapater
Schedule of Investments - All Funds
September 30, 2015

	<u>Balance</u>
General Fund	
.035% Certificate of Deposit, dated September 20, 2015, due 90 days after date	\$ 150,345
Total General Fund Investments	<u>150,345</u>
Water and Sewer Fund	
.045% Certificate of Deposit, dated September 20, 2015, due 90 days after date	<u>220,670</u>
Total Water and Sewer Fund	<u>220,670</u>
Total All Funds	\$ <u><u>371,015</u></u>

Town of Noxapater
Schedule of Surety Bonds for Municipal Officials and Employees
September 30, 2015

Name	Position	Surety	Bond Amount
Faye Ellis	City clerk	Zurich Insurance Company	\$ 50,000
Mayor		Travelers Casualty & Surety Company	\$ 25,000
Aldermen		Travelers Casualty & Surety Company	\$ 10,000

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities				
Capital Assets:				
Buildings	\$ 120,785			120,785
Construction in Progress		933,000		933,000
Machinery, equipment, and vehicles	67,265			67,265
Water tanks, treatment plants, and lines	<u>1,657,472</u>			<u>1,657,472</u>
Total Business-type Activities Capital Assets	\$ <u>1,845,522</u>	<u>933,000</u>	<u>0</u>	<u>2,778,522</u>

TOWN OF NOXAPATER

SUPPLEMENTAL INFORMATION

Town of Noxapater
Schedule of Expenditures of Federal Awards
September 30, 2015

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Identification Number</u>	<u>Federal Disbursements/ Expenditures</u>
U.S. Department of Housing and Urban Development/ Passed-through the Mississippi Development Authority/ CDBG/Water tank and plant upgrades	14.228	* 1127-10-279-PF-01	\$ 335,371
U.S. Department of Housing and Urban Development/ Passed-through the Mississippi Development Authority/ HOME Program/Water tank and plant upgrades	14.239	* 1138-13-279-AR-01	<u>212,572</u>
Total Expenditures of Federal Awards			\$ <u>547,943</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Prentiss, Mississippi, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

* Denotes major federal award program

TOWN OF NOXAPATER

SPECIAL REPORTS

Joe H. Hodge

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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 THE BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and
Members of the Board of Aldermen
Town of Noxapater, Mississippi

I have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Noxapater, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the town's basic financial statements and have issued My report thereon dated March 19, 2016.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town of Noxapater, Mississippi's internal control to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the town's internal control. Accordingly, I do not express an opinion on the effectiveness of the town's internal control.

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 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

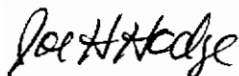
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Noxapater, Mississippi'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 my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



Joe H. Hodge, CPA
March 19, 2016

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Honorable Mayor and
Members of the Board of Aldermen
Town of Noxapater, Mississippi

Report on Compliance for Each Major Federal Program

I have audited the compliance of the Town of Noxapater, Mississippi, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015. The Town of Noxapater, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Town of Noxapater, Mississippi's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Noxapater, Mississippi's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination on the Town of Noxapater, Mississippi's compliance with those requirements.

Opinion on Each Major Federal Program

In my opinion, the Town of Noxapater, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Report on Internal Control Over Compliance

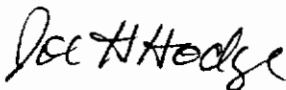
The management of the Town of Noxapater, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing my audit, I considered the Town of Noxapater, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the county's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of the internal control over compliance 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 compliance that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



Joe H. Hodge, CPA
March 19, 2016

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

Honorable Mayor and
Members of the Board of Aldermen
Town of Noxapater, Mississippi

I have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Noxapater, Mississippi, as of and for the year ended September 30, 2015, and have issued my report thereon dated March 19, 2016. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the procedures prescribed by the Office of the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

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. My procedures are substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures and my audit of the basic financial statements disclosed no instances of noncompliance with state laws and regulations.

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



Joe H. Hodge, CPA
March 19, 2016

TOWN OF NOXAPATER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

TOWN OF NOXAPATER

**Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2015**

Section I: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|---------------|
| 1. | Type of auditor's report issued on the primary government financial statements: | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. | Noncompliance material to the financial statements? | No |

Federal Awards:

- | | | |
|-----|---|---------------|
| 4. | Internal control over major programs: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 5. | Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| 6. | Any audit findings reported as required by Section ____, 510(a) of Circular A-133? | No |
| 7. | Federal programs identified as major programs: | |
| | U.S. Department of Housing and Urban Development/
Community Development Block Grant, CFDA #14.228
U.S. Department of Housing and Urban Development/
HOME Program, CFDA #14.239 | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |
| 10. | Prior fiscal year audit findings and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ____, 315(b) of OMB Circular A-133? | No |

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TOWN OF NOXAPATER

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2015

Section 2: Financial Statement Findings

The results of my tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

Section 3: Federal Award Findings and Questioned Costs

The results of my tests did not disclose any findings and questioned costs related to federal awards.