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MAYOR

Dimp Powell

TOWN OF ISOLA

203 Julia Street • P.O. Box 194

Isola, MS 38754

Phone: (662) 962-7725

Fax: (662) 962-6133

CITY CLERK

Irene Parker

CITY COUNCIL

Jack Toler, Ward 1

Lekeita Wade, Ward 2

Dora Hooker, Ward 3

Lawrence Anderson, Ward 4

Linda Jones, Ward 5

CITY ATTORNEY

Bryan Clark

CHIEF OF POLICE

J.D. Roseman

August 17, 2018

Office of the State Auditor

P.O. Box 956

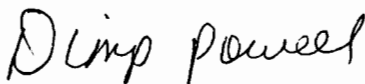
Jackson, Mississippi 39205

Re: Annual Municipal Financial Statement

Gentlemen:

Accompanying this letter is two (2) hard copies of the annual compilation of the Town of Isola, Mississippi, for the fiscal year ended September 30, 2016, respectively. A separate management letter was not written to the Town of Isola, Mississippi, in connection with this report.

Sincerely,



Dimp Powell, Mayor
Enclosures/attachments

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TOWN of ISOLA, MISSISSIPPI
Compiled Financial Statements
September 30, 2016

Ella B. Johnson,
Public Accountant
119 Greenridge Drive
Madison, MS 39110
662-347-5773 (Office)
601-790-9369 (Fax)

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Town of Isola, Mississippi

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Johnson Accounting Services
119 Greenridge Drive
Madison, MS 39110
Phone: 662-347-5773

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

(Compliance Letter)

Honorable Mayor and Board of Aldermen
Town of Isola
Isola, Mississippi 38754

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Isola, Mississippi, as of September 30, 2016, and for the year then ended, as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Miss. Code Ann. (1972). It is understood the report is solely for the use of the governing body of the Town of Isola, 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:

<u>Bank</u>	<u>Funds</u>	<u>Balance per General Ledger</u>
Bank Plus	General Fund	
General Fund Operating		\$8,028
General Clearing		4,065
Time Deposit Check on hand		<u>1,002</u>
	Total General Fund	<u>\$13,095</u>
Bank Plus	Special Revenue Fund	
Fire Fund		<u>\$14,259</u>
	Total Special Revenue Fund	<u>\$14,259</u>
Bank Plus	Proprietary Fund	
Water & Sewer Fund		<u>\$7,808</u>
	Total Proprietary Fund	<u>\$7,808</u>

No securities were held for investments.

2. We performed the following procedures with respect to taxes and personal property (including motor vehicles) levied during the fiscal year.

- a. Trace levies to governing body minutes;
- b. Traced distribution of taxes collected to proper funds; and
- c. Analyzed increase in taxes for most recent period for completion with Increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to General Fund was found to be in accordance with prescribed tax levies. The distribution of taxes were not made to Fire Fund.

Sale of land for taxes was not published, therefore, uncollected taxes were determined to be improperly handled. Real and personal property taxes for current year 2016-2017 were collected by the Town Clerk. Prior Years' Real and Personal Property Taxes and current year's Motor Vehicle and Mobile Home taxes were collected by Humphreys County Tax Collector and remitted to the town on a monthly basis.

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

3. The Town did not retire or issue general obligation debt or revenue bonds.
4. We obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated were traced to deposit in the respective bank accounts. All payments were not recorded in the general ledger. Payments traced were as follows:

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>Ledger Amount</u>
Sales Tax Allocation	General Fund	\$ 30,561
General Municipal Aid	General Fund	355
Gasoline Tax	General Fund	2,184
Homestead Exemption	General Fund	14,555
Grand Gulf	General Fund	4,114
Municipal Fire Protection	Fire Fund	4,573
Department of Health	General Fund	7,182
MS Dept. of Transportation	General Fund	<u>237,029</u>
	Total	<u>\$300,553</u>

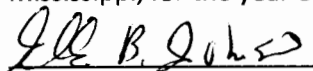
5. We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for proper approval and compliance with purchasing requirements set forth in Title 31, Chapter 7, Mississippi Code Ann. (1972), if applicable. The sample consisted of the following:

Number of Sample Items	20
Total Dollar Value of Sample	\$13,183

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

6. State-imposed court assessments were not collected and settled monthly. (Sections 99-19-73, 83-39-31, etc.)
7. We selected a sample of fines and forfeitures and found they were not collected when due and settled immediately to the municipal treasury. (Section 21-15-21)
8. We have read the Municipal Compliance Questionnaire completed by the municipality. The following responses to the questionnaire indicate noncompliance with state requirements:
 - a. All ordinances were not entered into the ordinance book and included in the minutes: (Section 21-13-13)
 - b. The Municipality 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 each fiscal year. (Section 21-35-31)
 - c. The Municipality did not publish a synopsis or notice of the annual audit within 30 days of acceptance. (Section 21-35-31 or 21-17-19)
 - d. Where required, a claims docket was not maintained. Section 21-39-7)
 - e. All warrants were not approved by the board, signed by the Mayor or majority of the board, attested to by the clerk, and bearing the municipal seal. (Section 21-39-13)
 - f. The Board did not have financial statement reports comparing actual to budgeted revenues and expenses, therefore, the Board was unable to determine whether revenues were less than estimated or if a deficit was anticipated. (Section 21-35-25)
 - g. The Town Clerk did not maintain financial records in accordance with the chart of accounts prescribed by the State Auditor (Section 21-35-11).
 - h. The municipal clerk did not submit to the board a monthly report of expenditures against each budget item for the preceding month and fiscal year to date and the unexpended balances of each budget item. (Section 21-35-13).
 - i. The Town did not tag or account for all fixed assets. (Property Accounting System Chapter)
 - j. The municipality did not conduct an annual land sale for delinquent ad valorem taxes. (Section 21-33-63)
 - k. The Town did not levy or appropriate not less than $\frac{1}{4}$ mill for fire protection. (Sections 83-1-37 and 83-1-39).

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 that items specified in Paragraph 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, 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 Isola, Mississippi, for the year ended September 30, 2016.

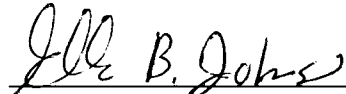

Ella B. Johnson, Public Accountant
Madison, MS 39110
August 15, 2018

Johnson's Accounting Service
Public Accountant

119 Greenridge Drive, Madison, MS 39110
Phone: 662-347-5773 Fax: 601-790-9369

Governing Body
Town of Isola, Mississippi 38754

We have compiled the Town of Isola Statement of Cash Receipts and Disbursements
(Governmental & Business Type Activities) as of and for the Fiscal Year Ended September 30, 2016.



Ella B. Johnson, Public Accountant

August 15, 2018

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TOWN OF ISOLA, MISSISSIPPI
STATEMENT OF CASH RECEIPTS and DISBURSEMENTS
GOVERNMENTAL & BUSINESS-TYPE ACTIVITIES
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Governmental Activities			Business-Type Activities	
	General	Other		Water &	
	Fund	Nonmajor	Total	Sewer	
		Funds		Fund	Total
RECEIPTS					
Taxes					
General Property Taxes	97,738		97,738		
Licenses & Permits	465		465		
Franchise Charges-Utilities	12,974		12,974		
Intergovernmental revenues:					
General Municipal Aid	355		355		
State shared revenues:					
Homestead Exempt. Reimburse.	14,555		14,555		
Sales Tax Allocation	30,561		30,561		
Gasoline Tax	2,183		2,183		
Grand Gulf Nuclear Plant	4,114		4,114		
Fire Protection Allocation		4,573	4,573		
MS Dept. of Transportation		237,029	237,029		
Dept. of Health	7,182		7,182		
Fines and Forfeits	2,864		2,864		
Land Redemption	624		624		
Reimbursements	1,169		1,169		
Other Revenue	2,543		2,543		
Charges for Services:					
Water, Sewer & Garbage				142,461	142,461
Water Deposits				1,200	1,200
TOTAL RECEIPTS	177,327	241,602	418,929	143,661	143,661

DISBURSEMENTS

General Government:

General Administration		-
Salaries & Employee Benefits	83,634	83,634
Supplies	2,783	2,783
Legal	9,300	9,300
Judicial	4,200	4,200
Other Services and Charges	50,241	50,241

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TOWN OF ISOLA, MISSISSIPPI
STATEMENT OF CASH RECEIPTS and DISBURSEMENTS
GOVERNMENTAL & BUSINESS-TYPE ACTIVITIES
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Governmental Activities			Business-Type Activities	
	General	Other		Water &	
	Fund	Nonmajor	Total	Sewer	Total
		Funds		Fund	
Public Safety:					
Police & Fire					
Supplies	1,432		1,432		
Fire Fund	150		150		
Personnel			-		
Other Services and Charges	299		299		
Public Works:					
Maintenance of Streets					
Supplies	4,500		4,500		
Other Services and Charges	15,141		15,141		
Health & Sanitation:					
Health	2,182		2,182		
Earth Day	3,372		3,372		
Garbage Disposal				23,206	23,206
Grant Expenditures:					
Street Project		237,029	237,029		
Enterprises - Water & Sewer					
Salaries & Employee Benefits				76,180	76,180
Supplies				4,283	4,283
Other Services & Charges				35,184	35,184
Total Disbursements	177,234	237,029	414,263	138,853	138,853
Excess of Receipts Over (Under)					
Disbursements	93	4,573	4,666	4,808	4,808
OTHER CASH SOURCES (USES)					
Transfers In	2,330		2,330	-	-
Transfers Out	-		-	(2,330)	(2,330)
Debt Repaid-Principal			-		
Total Other Cash Sources (Uses)	2,330		2,330	(2,330)	(2,330)
Excess (Deficiency) of Receipts					
Over Disbursements	2,423	4,573	6,996	2,478	2,478
Cash Basis Fund Balance					
Beginning of Year	10,672	9,686	20,358	5,329	5,329
Cash Basis Fund Balance - End of Yr.	13,095	14,259	27,354	7,807	7,807

TOWN OF ISOLA, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
For the Fiscal Year Ended September 30, 2016

DEFINITION AND PURPOSE

Combined Waterworks & Sewer Sys Revenue Bond	Balance		Transactions During Fiscal Year		Balance
	Outstanding		Issued	Redeemed	Outstanding
	<u>October 1, 2015</u>				<u>September 30, 2016</u>
10393402	7,217			-	7,217
10393403 \$	26,597	-		-	26,597
TOTAL	<u>\$ 33,814</u>	<u>-</u>		<u>-</u>	<u>\$ 33,814</u>

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TOWN OF ISOLA, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
September 30, 2016

<u>NAME</u>	<u>POSITION</u>	<u>COMPANY</u>	<u>AMOUNT</u>
Bobbie B. Miller	Mayor	Travelers	\$ 50,000
Laura Hinnant	Clerk	Travelers	\$ 50,000
Alma Custom	Deputy Clerk	Travelers	\$ 50,000
Lawrence Anderson	Alderman	Travelers	\$ 50,000
Linda Faye Jones	Alderwoman	Travelers	\$ 50,000
Dora Hooker	Alderwoman	Travelers	\$ 50,000
Gwen Moffett Jones	Alderwoman	Travelers	\$ 50,000
Kenneth Jackson Toler	Alderman	Travelers	\$ 50,000

JOHNSON ACCOUNTING SERVICE
Ella B. Johnson, Public Accountant
119 Greenridge Drive
Madison, MS 39110
Phone: 662-347-5773
Fax: 601-790-9369

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

To the Mayor and the Board of Aldermen
Town of Isola, Mississippi 38754

We have compiled the accompanying Statement of Cash Receipts and Disbursements – Governmental and Business-Type Activities, Schedule of Long-Term Debt and Schedule of Surety Bonds for Municipal Officials of the Town of Isola, Mississippi, for the year ended September 30, 2016, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statement has been prepared 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.

Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town's compliance with these requirements. According, we do not express such an opinion.

With respect to items tested, the results of those procedures and my compilation of the accompanying Statement of Cash Receipts and Disbursements – Governmental and Business-Type Activities, Schedule of Long-Term Debt and Schedule of Surety Bonds for Municipal Officials of the Town of Isola, Mississippi, for the year ended September 30, 2016 disclosed the following material instances of noncompliance with state laws and regulations. Our findings are as follows:

- a. All ordinances were not entered into the ordinance book and included in the minutes: (Section 21-13-13)
- b. The Municipality 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 each fiscal year. (Section 21-35-31)
- c. The Municipality did not publish a synopsis or notice of the annual audit within 30 days of acceptance. (Section 21-35-31 or 21-17-19)
- d. Where required, a claims docket was not maintained. Section 21-39-7)
- e. All warrants were not approved by the board, signed by the Mayor or majority of the board, attested to by the clerk, and bearing the municipal seal. (Section 21-39-13)
- f. The Board did not have financial statement reports comparing actual to budgeted revenues and expenses, therefore, the Board was unable to determine whether revenues were less than estimated or if a deficit was anticipated. (Section 21-35-25)
- g. The Town Clerk did not maintain financial records in accordance with the chart of accounts prescribed by the State Auditor (Section 21-35-11).

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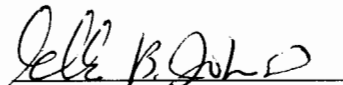
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- h. The municipal clerk did not submit to the board a monthly report of expenditures against each budget item for the preceding month and fiscal year to date and the unexpended balances of each budget item. (Section 21-35-13).
- i. The Town did not tag or account for all fixed assets. (Property Accounting System Chapter)
- j. The municipality did not conduct an annual land sale for delinquent ad valorem taxes. (Section 21-33-63)
- k. The Town did not levy or appropriate not less than ¼ mill for fire protection. (Sections 83-1-37 and 83-1-39).

Our recommendations are to continue correcting findings listed in a management letter dated February 2, 2017, and additional findings listed above. We understand that some of the aforementioned issues are in the process of implementation or may have been solved after this report date; however, these issues are noted so that effective follow-up can be accomplished for future requirements of the Office of the State Auditor.

The Mayor and Board of Aldermen will continue to work on a plan and time frame to improve the financial position of the Town of Isola, MS.

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.


Ella B. Johnson,
Public Accountant
August 15, 2018

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