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TOWN OF ARCOLA, MISSISSIPPI
SPECIAL REPORT ON AGREED-UPON PROCEDURES
FOR SMALL MUNICIPALITIES (TOWNS)

AND

COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017



Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

**TOWN OF ARCOLA, MISSISSIPPI
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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PRIVATE COMPANIES PRACTICE SECTION

SPECIAL REPORT ON AGREED-UPON PROCEDURES FOR SMALL MUNICIPALITIES

(Compliance Letter)

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Arcola, Mississippi, as of September 30, 2017, and for the year 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 that the report is solely for the use of the governing body of the Town of Arcola, Mississippi, and the Office of the State Auditor and should not be used for any other purpose. Our procedures and findings are as follows:

1. We reconciled cash on deposit with the following banks to balances in the respective general accounts and obtained confirmation of the related balances from the banks.

<u>Financial Institution</u>	<u>Fund</u>	<u>Balance per General Ledger</u>
Guaranty Bank	General Fund	\$ 18,423
Guaranty Bank	General Fund-Fire Protection	8,163
Guaranty Bank	General Fund-Employment Security Fund	17,357
Guaranty Bank	General Fund-Rainy Day Fund	39,471
Guaranty Bank	General Fund-Town of Arcola MMA Account	4,721
Guaranty Bank	Other Governmental-Housing Project	22
Guaranty Bank	Proprietary Fund-Water Fund	19,404
Guaranty Bank	Proprietary Fund-Water Meter	13,585
Guaranty Bank	Proprietary Fund-Water Dept. Savings	30,862
Total		<u>\$ 152,008</u>

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

<u>Financial Institution</u>	<u>Security</u>	<u>Fund</u>	<u>General Ledger</u>
Regions Bank	Certificate of Deposit-7126	General	\$ 9,515
Regions Bank	Certificate of Deposit-7134	General	2,096
Regions Bank	Certificate of Deposit-9742	General	2,094
Regions Bank	Certificate of Deposit-9759	General	2,346
Regions Bank	Certificate of Deposit-0450	General	14,518
Total			<u>\$ 30,569</u>

**Special Report on Agreed-Upon Procedures for Small Municipalities
Town of Arcola, Mississippi (continued)**

3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the year:

- a. Proved the mathematical accuracy of the tax rolls and traced levies to governing body minutes;
- b. Reconciled the amount of taxes levied per the tax rolls to amounts actually collected;
- c. Examined uncollected taxes for proper handling, including tax sales;
- d. Traced distribution of taxes collected to proper funds; and
- e. Analyzed increase in taxes for most recent period for completion with increase limitations of Section 27-39-320 to 27-39-323, Miss Code Ann. (1972).

Tax assessments were found to be mathematically correct and in agreement with collections as follows:

<u>Tax Assessments</u>	<u>Assessed Value</u>	<u>Tax Millage</u>	<u>Tax Levy</u>
Realty	\$ 626,427		
Personal Property	34,276		
Personal - Automobile & Mobile Home	297,667		
Public Utility	97,911		
	<u>\$ 1,056,281</u>	<u>0.057</u>	<u>\$ 60,208</u>
Add: Actual Homestead Reimbursement			4,768
Prior Year's Unpaid Realty Taxes			-
Deduct:			
Homestead Credit			(9,232)
Tax Collector's Commission			(2,232)
Total to be Accounted for			<u>\$ 53,512</u>
	<u>Taxes</u>	<u>Homestead</u>	
	<u>Penalties & Interest</u>	<u>Reimbursement</u>	<u>Total</u>
Credits:			
Collections allocated to General Fund	\$ 44,648	\$ 4,768	\$ 49,416
Balance represented by:			
Unpaid realty taxes,			
Board Adjustments, etc.			4,096
Total Accounted for			<u>\$ 53,512</u>

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

**Special Report on Agreed-Upon Procedures for Small Municipalities
Town of Arcola, Mississippi (continued)**

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

Actual Collections (Excluding debt service)		Actual Collections (Excluding debt service)	
Tax Collected 2014-2015	\$ 44,443	Tax Collected 2016-2017	\$ 44,648
10% Increase	4,444	Homestead Exemption	
		Reimbursement	4,768
			49,416
		Under (Over) Limitation	(529)
Total	\$ 48,887	Total	\$ 48,887

4. We obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated were traced to deposits in the respective bank accounts and recorded in the general ledger.

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>General Ledger Amount</u>
Sales Tax Allocation	General	\$ 15,799
Homestead Reimbursement	General	4,768
Nuclear Plant	General	2,933
Other Grants & Aid	General	2,821
Fire Protection	General	2,021
Gasoline Tax	General	1,015
General Municipal Aid	General	180
Total		\$ 29,537

5. We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for compliance with purchasing requirements set forth in Sections 31-7-1, 37-7-49 and 37-7-57 Miss. Code Ann. (1972), as applicable. We also reviewed board minutes for approval of claims.

The sample consisted of the following:

Number of sample items	20
Total dollar value of sample	\$ 4,409.71

We found the municipality's purchasing procedures to be in agreement with the requirements of the above-mentioned sections, except as follows:

- a. Requisitions were only of a verbal nature not written; and
- b. There was limited evidence of the matching of purchase orders to invoices.

**Special Report on Agreed-Upon Procedures for Small Municipalities
Town of Arcola, Mississippi (continued)**

7. We have read the Municipal Compliance Questionnaire completed by the municipality. The following responses to the questionnaire indicate noncompliance with state requirements:

Part II - Question 11. The Town's financial records have not been maintained in accordance with the chart of accounts prescribed by the State Auditor.

Part II - Question 17. The Town has not properly tagged and accounted for fixed assets.

Part V - Question 15. The Town has not conducted an annual inventory of its fixed assets.

Because the above procedures do not constitute an audit in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts or classes of transactions referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe the items specified in paragraphs 1, 2, and 3 should be adjusted. Had we performed additional procedures, or had we conducted an audit of the financial statements in accordance with generally accepted auditing standards, 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 Arcola, Mississippi, for the year ended September 30, 2017.

Bridgers, Goodman, Baird & Clarke, PLLC

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Vicksburg, Mississippi
November 20, 2020

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INDEPENDENT ACCOUNTANT'S REPORT ON THE COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)

To the Mayor and the Board of Alderpersons
Town of Arcola, Mississippi

We have compiled the accompanying combined statement of cash receipts and disbursements (all funds), of the Town of Arcola, Mississippi, for the year ended September 30, 2017. We have not audited or reviewed the accompanying financial statement and, accordingly, do not express an opinion or provide any assurance about whether the financial statement is in accordance with the cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statement.

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

Management has elected to omit substantially all the disclosures ordinarily included in the financial statements and the statement of cash flows required by generally accepted accounting principles. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Town's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Vicksburg, Mississippi
November 20, 2020

TOWN OF ARCOLA, MISSISSIPPI
Combined Statement of Receipts and Disbursements (All Funds)
For the Fiscal Year Ended September 30, 2017

	Governmental Activities			Business-Type Activities Proprietary Fund	Total All Activities Fiscal Year 2017
	Major Fund	Other	Total		
	General Fund	Governmental Funds	Governmental Funds		
RECEIPTS:					
Taxes					
General Property Taxes	\$ 28,856		\$ 28,856		\$ 28,856
Personal Auto	15,461		15,461		15,461
Road and Bridge	317		317		317
Mobile Home Taxes	332		332		332
Licenses and Permits					
Privilege License & Permits	2,024		2,024		2,024
Franchise and Utility	10,255		10,255		10,255
Federal Grants		34,800	34,800		34,800
State Shared Revenues					
Sales Tax	15,799		15,799		15,799
Other Grants & Aid	2,821		2,821		2,821
Homestead Reimbursement	4,768		4,768		4,768
Grand Gulf	2,933		2,933		2,933
Fire Protection	2,021		2,021		2,021
Gasoline Tax	1,015		1,015		1,015
General Municipal Aid	180		180		180
Local Grants & Donations	1,000		1,000		1,000
County Shared Revenue					
Gaming Revenue	10,077		10,077		10,077
Rental Car Allocation	-		-		-
Charges for Services					
Water Utility				129,669	129,669
Fines and Forfeits	4,473		4,473		4,473
Other					
Interest	11	3	14	3	17
Rental	1,845		1,845		1,845
East Washington Co. Fire District	23,753		23,753		23,753
Miscellaneous	1,615		1,615		1,615
Total Receipts	<u>129,556</u>	<u>34,803</u>	<u>164,359</u>	<u>129,672</u>	<u>294,031</u>

See accompanying Independent Accountant's Report.

TOWN OF ARCOLA, MISSISSIPPI
Combined Statement of Receipts and Disbursements (All Funds)
For the Fiscal Year Ended September 30, 2017

	Governmental Activities			Business-Type Activities	Total All Activities
	Major Fund General Fund	Other Governmental Funds	Total Governmental Funds	Proprietary Fund	Fiscal Year 2017
DISBURSEMENTS:					
General Government	\$ 134,418	48,596	\$ 183,014		\$ 183,014
Public Safety	229,504		229,504		229,504
Health and Sanitation			-	4,037	4,037
Water Utility			-	81,516	81,516
Principal Paid	8,298		8,298		8,298
Interest Paid	1,110		1,110		1,110
Total Disbursements	<u>373,330</u>	<u>48,596</u>	<u>421,926</u>	<u>85,553</u>	<u>507,479</u>
Excess (Deficiency) of receipts over disbursements	<u>(243,774)</u>	<u>(13,793)</u>	<u>(257,567)</u>	<u>44,119</u>	<u>(213,448)</u>
OTHER FINANCING SOURCES (USES)					
Transfers	26,636	13,793	40,429	(40,429)	-
Total Other Financing Sources (Uses)	<u>26,636</u>	<u>13,793</u>	<u>40,429</u>	<u>(40,429)</u>	<u>-</u>
Excess (Deficiency) of Receipts and other financing sources over disbursements and other financing uses	<u>(217,138)</u>	<u>-</u>	<u>(217,138)</u>	<u>3,690</u>	<u>(213,448)</u>
CASH BASIS FUND BALANCE: BEGINNING OF YEAR	<u>305,263</u>	<u>22</u>	<u>305,285</u>	<u>60,171</u>	<u>365,456</u>
CASH BASIS FUND BALANCE: END OF YEAR	<u>88,125</u>	<u>22</u>	<u>88,147</u>	<u>63,861</u>	<u>152,008</u>

See accompanying Independent Accountant's Report.

TOWN OF ARCOLA, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF ARCOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2017

NOTE A: Summary of Significant Accounting Policies

Basis of Accounting:

The financial statement of the Town of Arcola, Mississippi (Town) have been prepared using the cash receipts and disbursements basis of accounting, as prescribed by the Office of the State Auditor. Consequently, revenues are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the Statement of Cash Receipts and Disbursements (All Funds), is not intended to present results of operations in conformity with generally accepted accounting principles.

General Information:

The Town operates under the Mayor and Aldermen form of government and provides services as required by law.

Reporting Entity:

The Town utilizes fund accounting, with each fund being considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The Town utilizes the following fund types:

GOVERNMENTAL FUND TYPES

General Fund – The General Fund is used to account for the general operations of the Town. It accounts for all financial resources except those required to be accounted for in another fund type.

Special Revenue Funds – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds – These funds are used to account for and report financial resources to be used for the acquisition and construction of major capital facilities.

PROPRIETARY FUND TYPE

Enterprise Funds – These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the county has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

TOWN OF ARCOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2017

NOTE B: Report Classifications

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

NOTE C: Budget

Budgets are adopted as prescribed by the State of Mississippi. Annual appropriated budgets are adopted for all funds. The Mississippi Code Ann. (1972) prescribes cash basis reporting of revenues for budgeting of expenditures to be disbursed within thirty days after year end (with exception for construction in progress).

NOTE D: Cash and Cash Equivalents

The carrying amount of the Town's deposits with financial institutions reported in the governmental funds was \$182,577, which includes \$30,569 in certificate of deposits with original maturities three to six months. The bank balance was \$152,008.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the 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 deposit policy for custodial credit risk.

Schedule of Certificates of Deposit (all funds)

Certificate Number	Interest Rate	Date Acquired	Date of Maturity	Bank	Investment Cost/Value
370637126	.05%	12/13/1999	03/13/2018	Regions Bank	\$ 9,515
370637134	.05%	12/13/1999	03/13/2018	Regions Bank	2,096
370639742	.05%	06/19/2000	03/22/2018	Regions Bank	2,094
370639759	.05%	06/19/2000	03/22/2018	Regions Bank	2,346
370640450	.05%	08/14/2000	03/19/2018	Regions Bank	14,518
TOTAL					\$ 30,569

Interest Rate Risk. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann. (1972), limits the maturity period of any investment to no more than one year.

Credit Risk. State law limits investments to those authorized by Sections 19-9-29 and 91-13-8, 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.

TOWN OF ARCOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2017

Custodial Credit Risk – Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk.

NOTE E: Schedule of Long-Term Debt

Definition and Purpose	Balance Oct. 1, 2016	Additions	Reductions	Balance Sept. 30, 2017
Other Loans				
USDA-Rural Development				
Street Improvement	8,384		2,757	5,627
Fire Station	17,096		5,541	11,555
Total	<u>\$ 25,480</u>	<u>\$ -</u>	<u>\$ 8,298</u>	<u>\$ 17,182</u>

NOTE F: Property Tax

The Town, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1st. Real property taxes become a lien on January 1st of the current year, and personal property taxes become a lien on March 1st of the current year. Taxes on both real and personal property, however, are due on or before February 1st of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All unpaid taxes levied October 1st become delinquent February 1st of the following year. The Town entered an inter-local agreement with the Washington County Tax Collector for the billing and collection of its real and personal property taxes, motor vehicle, and mobile home. Taxes are billed, collected, and remitted to the Town by the Washington County Tax Collector each month. The General Fund millage rate for the Town of Arcola was 57.00 mills.

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

TOWN OF ARCOLA, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
September 30, 2017

Name	Position	Surety Company	Bond Number	Expiration Date	Bond Amount
Cora Burnside	Mayor	Travelers Casualty & Surety	1059335796	July 1, 2018	\$25,000
Jaimie Bridges	Alderman	Travelers Casualty & Surety	106719618	July 3, 2021	\$10,000
Ricky Williams	Alderman	Travelers Casualty & Surety	106719617	July 3, 2021	\$10,000
Tinnie Richmond	Alderman	Travelers Casualty & Surety	1059335800	July 1, 2018	\$10,000
Johnny Sprouse	Alderman	Travelers Casualty & Surety	1059335797	July 1, 2018	\$10,000
Harold Winters, Jr.	Alderman	Travelers Casualty & Surety	106719616	July 3, 2021	\$10,000
Annette Morris	City Clerk	Travelers Casualty & Surety	105313766	July 12, 2018	\$50,000
Brandon Addison	Police Chief	Travelers Casualty & Surety	105313766	July 12, 2018	\$50,000

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

To the Mayor and Board of Alderpersons
Town of Arcola, Mississippi

We have compiled the accompanying Combined Statement of Cash Receipts and Disbursements – All Funds, and Schedule of Surety Bonds for Municipal Officials for the year ended September 30, 2017, 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.

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

With respect to items tested, the results of those procedures and our compilation of the accompanying Combined Statement of Cash Receipts and Disbursements – All Funds, and Schedule of Surety Bonds for Municipal Officials, of the Town of Arcola, Mississippi, for the year ended September 30, 2017, disclosed no material instances of non-compliance with state laws and regulations.

This report is intended solely for the information and use of management, the Board of Alderpersons, and the State Auditor's Office 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.

Bridgers, Goodman, Baird & Clarke, PLLC

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Vicksburg, Mississippi
November 20, 2020