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TOWN of ISOLA, MISSISSIPPI
Compiled Financial Statements
September 30, 2017

Ella B. Johnson,
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Town of Isola, Mississippi

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Johnson Accounting Services
119 Greenridge Drive
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**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, 2017, 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		\$2,881
General Clearing		<u>1,062</u>
Total General Fund		<u>\$3,943</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>\$3,759</u>
Total Proprietary Fund		<u>\$3,759</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 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	\$ 26,977
General Municipal Aid	General Fund	355
Gasoline Tax	General Fund	2,184
Homestead Exemption	General Fund	14,664
Grand Gulf	General Fund	4,153
Municipal Fire Protection	Fire Fund	3,992
Department of Health	General Fund	4,025
Veterans' Home Purchase Board	General Fund	<u>290</u>
	Total	<u>\$ 56,640</u>

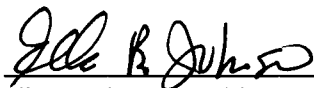
5. We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for proper approval and compliance with purchasing requirements set forth in Title 31, Chapter 7, Mississippi Code Ann. (1972), if applicable. The sample consisted of the following:

Number of Sample Items	16
Total Dollar Value of Sample	\$8,944.01

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

6. We selected one sample of fines and forfeitures collected and found it was not collected when due and settled immediately to the municipal treasury. (Section 21-15-21)
7. We have read the Municipal Compliance Questionnaire completed by the municipality. The following responses to the questionnaire indicate noncompliance with state requirements:
 - a. Where required, a claims docket was not maintained. Section 21-39-7)
 - b. 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)
 - c. The Municipality did not commission municipal depositories. (Sections 27-105-353 and 27-105-363).
 - d. The Municipality did not tag or account for all fixed assets. Section 2, Municipal Audit and Accounting Guide).
 - e. The Municipality did not conduct an annual land sale for delinquent ad valorem taxes. (Section 21-33-63)
 - f. The Town did not levy or appropriate not less than ¼ mill for fire protection. (Sections 83-1-37 and 83-1-39).
 - g. The Municipality did not conduct an annual inventory of its assets in accordance with guidelines established by the Office of the State Auditor.

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, 2017.

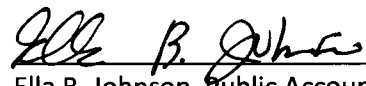


Ella B. Johnson, Public Accountant
Madison, MS 39110
November 5, 2018

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Governing Body
Town of Isola, Mississippi

We have compiled the Statement of Cash Receipts and Disbursements (Governmental & Business Type Activities) as of and for the Fiscal Year Ended September 30, 2017.


Ella B. Johnson, Public Accountant

November 5, 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, 2017

	Governmental Activities			Business-Type Activities	
	General Fund	Other Nonmajor Funds	Total	Water & Sewer Fund	Total
RECEIPTS					
Taxes					
General Property Taxes	103,858		103,858		
Licenses & Permits	1,880		1,880		
Franchise Charges-Utilities	12,463		12,463		
Intergovernmental revenues:					
General Municipal Aid	355		355		
State shared revenues:					
Homestead Exempt. Reimburse.	14,664		14,664		
Sales Tax Allocation	26,977		26,977		
Gasoline Tax	2,183		2,183		
Grand Gulf Nuclear Plant	4,154		4,154		
Fire Protection Allocation	3,992		3,992		
Dept. of Health	4,025		4,025		
Entergy Grant	1,000		1,000		
Fines and Forfeits	200		200		
Land Redemption	438		438		
CD Closed	1,002		1,002		
Other Revenue	460		460		
Charges for Services:					
Water, Sewer & Garbage				148,929	148,929
Water Deposits				2,000	2,000
TOTAL RECEIPTS	177,651	-	177,651	150,929	150,929
DISBURSEMENTS					
General Government:					
General Administration			-		
Salaries & Employee Benefits	58,476		58,476		
Unemployment Benefits	861		861		
Supplies	3,272		3,272		
Legal	7,800		7,800		
Judicial	4,200		4,200		
Other Services and Charges	74,244		74,244		
State Withholding - Payroll Acct.	2,570		2,570		

TOWN OF ISOLA, MISSISSIPPI
STATEMENT OF CASH RECEIPTS and DISBURSEMENTS
GOVERNMENTAL & BUSINESS-TYPE ACTIVITIES
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Governmental Activities			Business-Type Activities	
	General	Other		Water &	Sewer
	<u>Fund</u>	<u>Funds</u>	<u>Total</u>	<u>Fund</u>	<u>Total</u>
Public Safety:					
Police & Fire					
Supplies	2,297		2,297		
Fire Fund	195		195		
Other Services and Charges	1,520		1,520		
Public Works:					
Maintenance of Streets					
Supplies	4,392		4,392		
Other Services and Charges	21,275		21,275		
Health & Sanitation:					
Health	3,050		3,050		
Earth Day	250		250		
Garbage Disposal				35,285	35,285
Grant Expenditures:					
Entergy Grant	1,000		1,000		
Interest Expense	279		279		
Enterprises - Water & Sewer					
Salaries & Employee Benefits				70,306	70,306
Supplies				2,462	2,462
Other Services & Charges				44,825	44,825
Interest Expense				1,623	1,623
Total Disbursements	185,681	-	185,681	154,501	154,501
Excess of Receipts Over (Under)					
Disbursements	(8,030)	-	(8,030)	(3,572)	(3,572)
OTHER CASH SOURCES (USES)					
Transfers In	2,099		2,099	2,000	2,000
Transfers Out	(2,000)		(2,000)	(2,099)	(2,099)
Debt Repaid-Principal	(1,221)		(1,221)	(377)	(377)
Total Other Cash Sources (Uses)	(1,122)		(1,122)	(476)	(476)
Excess (Deficiency) of Receipts					
Over Disbursements	(9,152)	-	(9,152)	(4,048)	(4,048)
Cash Basis Fund Balance - Beg of Yr.	13,095	14,259	27,354	7,807	7,807
Cash Basis Fund Balance - End of Yr.	3,943	14,259	18,202	3,759	3,759

TOWN OF ISOLA, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
For the Fiscal Year Ended September 30, 2017

DEFINITION AND PURPOSE

Combined Waterworks & Sewer Sys Revenue Bond	Balance	<u>Transactions During Fiscal Year</u>		Balance
	<u>Outstanding</u> <u>October 1, 2016</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding</u> <u>September 30, 2017</u>
10393402	7,217		1,221	5,996
10393403 \$	26,597	-	377	26,220
TOTAL	<u>\$ 33,814</u>	<u>-</u>	<u>1,598</u>	<u>\$ 32,216</u>

TOWN OF ISOLA, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
September 30, 2017

<u>NAME</u>	<u>POSITION</u>	<u>COMPANY</u>	<u>AMOUNT</u>
Dimp Powell	Mayor	Travelers	\$ 50,000
Laura Hinnant	Clerk	Travelers	\$ 50,000
Lekeit Wade	Alderwoman	Travelers	\$ 50,000
Lawrence Anderson	Alderman	Travelers	\$ 50,000
Linda Faye Jones	Alderwoman	Travelers	\$ 50,000
Dora Hooker	Alderwoman	Travelers	\$ 50,000
Kenneth Jackson Toler	Alderman	Travelers	\$ 50,000

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**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, 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.

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.

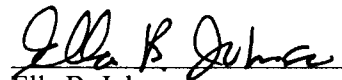
With respect to items tested, the results of those procedures and my compilation of the accompanying Statement of Cash Receipts and Disbursements – Governmental and Business-Type Activities, Schedule of Long-Term Debt and Schedule of Surety Bonds for Municipal Officials of the Town of Isola, Mississippi, for the year ended September 30, 2017 disclosed the following material instances of noncompliance with state laws and regulations. Our findings are as follows:

- a. Where required, a claims docket was not maintained. Section 21-39-7)
- b. 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)
- c. The Municipality did not commission municipal depositories. (Sections 27-105-353 and 27-105-363).
- d. The Municipality did not tag or account for all fixed assets. Section 2, Municipal Audit and Accounting Guide).
- e. The Municipality did not conduct an annual land sale for delinquent ad valorem taxes. (Section 21-33-63)
- f. The Town did not levy or appropriate not less than ¼ mill for fire protection. (Sections 83-1-37 and 83-1-39).
- g. The Municipality did not conduct an annual inventory of its assets in accordance with guidelines established by the Office of the State Auditor.

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 correct these findings and thereby 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

November 5, 2018

