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Glynis Banes, Town Clerk
Michael S. Street, Chief of Police

Alderman
Ricky Carpenter
Ferry H. Adams
Fred A. Frey, Jr.
Greg Mangum
Benjie Fleming

July 5, 2018

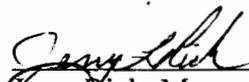
Office of the State Auditor
P.O. Box 956
Jackson, Mississippi 39205

RE: Annual Compilation Report and Special Report on Applying Agreed-Upon
Procedures for the year 2017

Department of Technical Assistance:

Accompanying this letter are two copies of the annual Compilation Reports and Special Reports on Applying Agreed-Upon Procedures of the Town of Stonewall, Mississippi, for the fiscal year ended September 30, 2017. A separate management letter was not written to the town in connection with these reports.

Sincerely,



Jerry Rich, Mayor



TOWN OF STONEWALL, MISSISSIPPI
INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON
PROCEDURES AND
ACCOUNTANTS' COMPILATION REPORT

For the fiscal year ended September 30, 2017

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TOWN OF STONEWALL, MISSISSIPPI

TABLE OF CONTENTS

	<u>Page</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures For Small Municipalities (Towns)	1-4
Accountants' Compilation Report	5-6
Combined Statement of Cash Receipts and Disbursements - Governmental and Business-type Activities	7
Supplementary Information	
Schedule of Surety Bonds for Municipal Officials	9
Schedule of Long-Term Debt	10
Solid Waste Management Services Schedule	11
Accountants' Report on Compliance with State Laws and Regulations	12

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES FOR SMALL MUNICIPALITIES (TOWNS)

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

We have performed the procedures enumerated below, which were agreed to by the Board of Aldermen and Mayor of the Town of Stonewall, Mississippi on cash, ad valorem taxes, state receipts, disbursements, the municipal compliance questionnaire and the water and sewer system of the Town of Stonewall, Mississippi as of September 30, 2017, and for the year then ended. The sufficiency of these procedures is solely the responsibility of the Office of the State Auditor, under the provisions of Section 21-35-31, Miss. Code Ann (1972) and the Town of Stonewall, Mississippi. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

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

<u>Bank</u>	<u>Fund</u>	<u>Balance Per</u> <u>General Ledger</u>
BankPlus	General Fund	\$ 138,542
BankPlus	General Fund	116,571
BankPlus	General Fund	21,841
BankPlus	General Fund	4,188
Total General Fund		<u>\$ 281,142</u>
BankPlus	Grant Fund	<u>\$ 22,712</u>
BankPlus	Fire Protection Fund	<u>\$ 8,660</u>
BankPlus	Economic Development Fund	<u>\$ 17,094</u>
BankPlus	Water & Sewer Fund	<u>\$ 60,347</u>
BankPlus	Sanitation Fund	<u>\$ 27,025</u>

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2. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
 - a. Traced 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 funds was found to be in accordance with prescribed tax levies.

Ad valorem tax collections were found to have not exceeded the limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

3. 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 and recorded in the general ledger without exception. Payments traced were as follows:

Payment Purpose	Receiving Fund	Balance Per General Ledger
Sales Tax Allocation	General Fund	\$ 72,310
Municipal Aid	General Fund	543
Gasoline Taxes	General Fund	3,332
Homestead Exemption	General Fund	16,795
JAG Grant	General Fund	2,694
MEMA Grant	General Fund	13,103
Fire Protection	Fire Protection Fund	6,092
Total		<u>\$ 114,869</u>

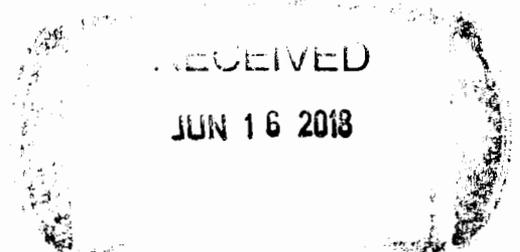
4. We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for proper approval and compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code Ann. (1972), as applicable.

The sample consisted of the following:

Number of Sample Items	29
Total Dollar Value of Sample	\$43,223

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

5. We have read the Municipal Compliance Questionnaire completed by the municipality. The completed survey indicated no instances of noncompliance with state requirements.



6. We selected a sample of collection of fines and forfeitures and verified that the municipal court clerk had settled daily with the municipal clerk. We also selected a sample of state-imposed court assessments collected and determined that the municipal clerk had settled monthly with the Department of Finance and Administration.

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

7. We performed the following additional procedures with respect to the water and sewer system during the fiscal year:
 - a. We examined the policies and procedures over the water and sewer department regarding billing and collection of fees.
 - b. We selected ten adjustments to trace to board authorization.
 - c. We examined ten accounts receivable balances to verify proper collection of fees or cutoff due to non-payment.

As a result of these additional procedures, we found the following:

- a. Based on procedures in the prior year, the previous policies and procedures related to the water and sewer billing system appeared to be insufficient. The board of aldermen adopted additional procedures as of December 2017.
- b. We examined ten adjustments. Of these ten adjustments, we observed that seven were properly approved by the board. The three others were for incorrect meter readings and were not approved in the board minutes.
- c. During our procedures on accounts receivable, we observed that only one account had been properly collected. Nine of the ten other accounts tested were closed, but eight of the accounts were allowed to have service for over ninety days before the accounts were closed due to non-payment.

As a result of our additional procedures in both the prior and current years, we recommended the Board of Aldermen and Mayor consider strengthening the following policies:

- A meter deposit policy was recommended in the prior year to ensure that an adequate amount is collected from new customers in order to cover any final bill.

A new meter deposit policy was approved and implemented as of December 2017.

- A cutoff policy was recommended in the prior year that requires any customer more than thirty days outstanding be locked from usage of the water and sewer system.

A new cutoff policy was approved and implemented as of December 2017.

- An unlock fee policy was recommended in the prior year that charges a fee to the customer in order to reconnect the customer once the meter has been locked.

A new unlock fee policy was approved and implemented as of December 2017.

- A tampering fee policy was recommended that would charge a fee if a delinquent customer tampers with the meter after it has been locked.

A new tampering fee policy was approved and implemented as of December 2017.

- An account adjustment policy was recommended that requires all account adjustments be approved at the first board meeting of each month for the previous month's activity. Further, the Mayor should have the authority to tentatively approve adjustments subject to the final approval by the Board of Aldermen.

A new account adjustment policy was implemented as of December 2017 and appears sufficient.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on cash, ad valorem taxes, state receipts, disbursements, the municipal compliance questionnaire and the water and sewer system of the Town of Stonewall. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Town of Stonewall, Mississippi and the Office of the State Auditor of Mississippi and not intended to be and should not be used by anyone other than the specified parties.



Stephen D. Myrick
Certified Public Accountant

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JUN 16 2018

June 18, 2018
Quitman, Mississippi

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ACCOUNTANTS' COMPILATION REPORT

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

Management is responsible for the accompanying Combined Statement of Cash Receipts and Disbursements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Stonewall, Mississippi, as of and for the year ended September 30, 2017, in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared with the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's cash receipts and disbursements. Accordingly, the financial statement is not designed for those who are not informed about such matters.

Town officials have not presented government-wide financial statements to display the cash basis financial position and changes in cash basis financial position of its governmental activities and business-type activities. Accounting principles generally accepted in the United States of America, as applied to the Town of Stonewall, Mississippi's cash basis accounting, require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements resulting from the cash basis transactions for the Town of Stonewall, Mississippi's governmental activities and business-type activities are not reasonably determinable.

The Town of Stonewall, Mississippi has omitted the Management's Discussion and Analysis as well as other required supplementary information required to 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 an appropriate operational, economic or historical context.

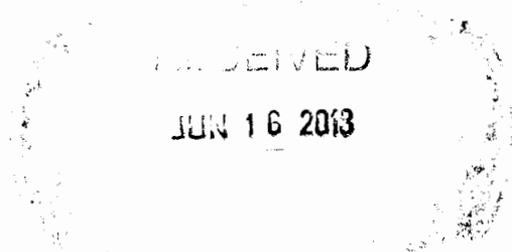
The supplementary information contained in the supplementary section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the representation of management. The information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such supplementary information.

In accordance with the provisions of Section 21-35-31, Mississippi Code Annotated (1972), we have issued a report dated June 18, 2018, on the results of our agreed-upon procedures.



Stephen D. Myrick
Certified Public Accountant

June 18, 2018
Quitman, Mississippi



TOWN OF STONEWALL, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
For the Year Ended September 30, 2017

	Governmental Activities			Business-type Activities		
	Major Fund	Other	Total	Major Funds		
	General	Governmental Funds		Water and Sewer Fund	Sanitation Fund	Total
Revenue Receipts						
Taxes:						
General Property Taxes	\$ 214,172	\$ -	\$ 214,172	\$ -	\$ -	\$ -
Other Taxes	2,265	-	2,265	-	-	-
Licenses and Permits:						
Privilege Licenses	2,078	-	2,078	-	-	-
Franchise Charges - Utilities	43,413	-	43,413	-	-	-
Intergovernmental Receipts:						
Federal Receipts:						
JAG Grant	2,694	-	2,694	-	-	-
State Shared Receipts:						
Municipal Aid	543	-	543	-	-	-
Sales Tax	72,310	-	72,310	-	-	-
Gasoline Tax	3,332	-	3,332	-	-	-
Homestead Reimbursement	16,795	-	16,795	-	-	-
MEMA Grant	13,103	-	13,103	-	-	-
Local Shared Receipts:						
Pro Rata County Road Tax	9,072	-	9,072	-	-	-
Other County Ad Valorem	947	-	947	-	-	-
Fire Protection Allocation	-	6,092	6,092	-	-	-
Fire Runs	10,469	-	10,469	-	-	-
Charges for Services:						
Water Utility Service Fees	-	-	-	207,811	-	207,811
Sanitation	-	-	-	-	41,188	41,188
Fines & Forfeitures	28,080	-	28,080	-	-	-
Interest Earnings	751	109	860	129	128	257
Rental of Facilities	850	3,950	4,800	-	-	-
Cemetery Plot Sales	500	-	500	-	-	-
Proceeds From the Sale of Capital Assets	2,928	-	2,928	-	-	-
Miscellaneous Receipts	1,913	7	1,920	5,460	526	5,986
Total Receipts	<u>426,215</u>	<u>10,158</u>	<u>436,373</u>	<u>213,400</u>	<u>41,842</u>	<u>255,242</u>
Disbursements						
General Government (Executive & Financial)	159,145	-	159,145	-	-	-
Public Safety:						
Police	169,000	-	169,000	-	-	-
Fire	9,686	-	9,686	-	-	-
Highways and Streets	91,377	-	91,377	-	-	-
Culture and Recreation:						
Parks	10,488	-	10,488	-	-	-
Libraries	8,007	-	8,007	-	-	-
Economic Development	-	-	-	-	-	-
Enterprises:						
Water and Sewer Utility	-	-	-	215,595	-	215,595
Sanitation Utility	-	-	-	-	53,396	53,396
Redemption of Principal	11,057	-	11,057	29,979	-	29,979
Debt Service Interest	1,636	-	1,636	8,047	-	8,047
Capital Outlay	12,858	-	12,858	-	-	-
Total Disbursements	<u>473,255</u>	<u>-</u>	<u>473,255</u>	<u>253,621</u>	<u>53,396</u>	<u>307,017</u>
Excess (Deficiency) of Receipts Over Disbursements	(47,040)	10,158	(36,882)	(40,221)	(11,554)	(51,775)
Other Financing Sources						
Transfers in	-	-	-	35,000	-	35,000
Transfers out	-	(15,000)	(15,000)	-	(20,000)	(20,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>35,000</u>	<u>(20,000)</u>	<u>15,000</u>
Excess (Deficiencies) of Receipts and Other Financing Sources over Disbursements and Other Financing Uses	<u>(47,040)</u>	<u>(4,842)</u>	<u>(51,882)</u>	<u>(5,221)</u>	<u>(31,554)</u>	<u>(36,775)</u>
Cash Basis Fund Balance -						
Beginning of Year as Previously Reported	297,638	54,706	352,344	89,491	60,073	149,564
Prior Period Adjustment	30,544	(1,398)	29,146	(23,923)	(1,494)	(25,417)
Cash Basis Fund Balance -						
Beginning of Year as Restated	<u>328,182</u>	<u>53,308</u>	<u>381,490</u>	<u>65,568</u>	<u>58,579</u>	<u>124,147</u>
Cash Basis Fund Balance -						
End of Year	<u>\$ 281,142</u>	<u>\$ 48,466</u>	<u>\$ 329,608</u>	<u>\$ 60,347</u>	<u>\$ 27,025</u>	<u>\$ 87,372</u>

See accountants' compilation report.

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SUPPLEMENTARY INFORMATION

**TOWN OF STONEWALL, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
SEPTEMBER 30, 2017**

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Terrye Tindle/Glynis Banes	Municipal Clerk	Western Surety Company	50,000
Jerry Rich/Benjie Fleming	Alderman	Western Surety Company	50,000
Ricky Carpenter	Alderman	Western Surety Company	50,000
Stacy Artigue/Greg Mangum	Alderman	Western Surety Company	50,000
Fred Frey	Alderman	Western Surety Company	50,000
Ferry Adams	Alderman	Western Surety Company	50,000
Michael Street	Police Chief	Western Surety Company	50,000

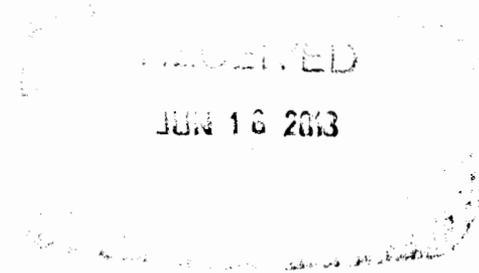
See accountants' compilation report.



**TOWN OF STONEWALL, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

DEFINITION AND PURPOSE	Balance Outstanding 10/1/2016	Transactions During Fiscal Year		Balance Outstanding 9/30/2017
		Issued	Redeemed	
Capital Leases				
2013 Chevrolet Tahoe	\$ 13,915	\$ -	\$ 6,480	\$ 7,435
2014 Bobcat Excavator	4,975	-	3,459	1,516
2016 Dodge Charger	20,843	-	4,577	16,266
Other Loan				
550 Water Meters	194,153	-	26,520	167,633
	<u>\$ 233,886</u>	<u>\$ -</u>	<u>\$ 41,036</u>	<u>\$ 192,850</u>

See accountants' compilation report.



**TOWN OF STONEWALL, MISSISSIPPI
SOLID WASTE MANAGEMENT SERVICES SCHEDULE
FULL COST ACCOUNTING
SUMMARY OF COSTS REPORT
SEPTEMBER 30, 2017**

Revenue:

Garbage fees	\$ 41,188	
Miscellaneous fees	526	
Total revenue		41,714

Expenses:

Wages	19,102	
Payroll taxes	1,458	
Employee benefits	4,106	
Contract labor	5,336	
Insurance	8,873	
Fuel	1,653	
Landfill fee	8,485	
Repairs	3,870	
Supplies	285	
Professional services	228	
Total expenses		53,396

**Excess (Deficiency) of Revenue
Over Expenses**

\$ (11,682)

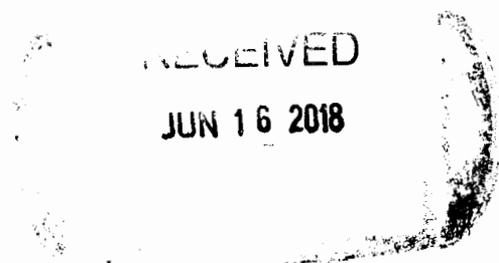
Number of users

423

Average annual cost per user

\$ 126

See accountants' compilation report.



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ACCOUNTANTS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

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

We have compiled the Combined Statement of Cash Receipts and Disbursements of the Town of Stonewall, Mississippi, as of and for the year ended September 30, 2017, and performed certain other agreed upon procedures as required by the Office of State Auditor of Mississippi and have issued our report dated June 18, 2018.

As required by the state legal compliance audit program prescribed by the Office of State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our compilation and, accordingly, we do not express such an opinion.

The results of those procedures and our compilation of the statement of cash receipts and disbursements and agreed upon procedures disclosed no material instances of noncompliance with state laws and regulations.

This report is intended for the information of the Town's management and the Office of 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.



Stephen D. Myrick
Certified Public Accountant

June 18, 2018
Quitman, Mississippi