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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, 2018

Ella B. Johnson
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**TOWN OF ARCOLA, MISSISSIPPI
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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SPECIAL REPORT ON AGREED UPON PROCEDURES FOR SMALL MUNICIPALITIES
(Compliance Letter)

December 28, 2020

Governing Body
Town of Arcola, Mississippi 38722

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Arcola, Mississippi as of September 30, 2018 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 Arcola, 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 banks to balances in the respective accounts and obtained confirmation of the related balances from the bank:

<u>Financial Institution</u>	<u>General Fund</u>	<u>Balance Per General Ledger</u>
Guaranty Bank	General Fund	\$ 17,956
Guaranty Bank	General Fund – Employment Security Fund	18,087
Guaranty Bank	General Fund – Rainy Day Fund	51,976
Guaranty Bank	General Fund – Town of Arcola MMA Acct.	4,726
Guaranty Bank	General Fund – Rainy Day	<u>2,222</u>
	Total General Fund	\$ 94,967
	Special Revenue Funds:	
Guaranty Bank	Fire Protection	\$ 212
Guaranty Bank	Housing Project	<u>22</u>
	Total Special Revenue Funds	\$ 234
	Proprietary Fund:	
Guaranty Bank	Proprietary Fund – Water Fund	\$ 42,644
Guaranty Bank	Proprietary Fund – Water Meter	14,210
Guaranty Bank	Proprietary Fund – Water Dept. Savings	<u>44,702</u>
	Total Proprietary Fund	<u>\$101,556</u>

2. We physically examined securities held for investment. Securities held in trust were confirmed directly with 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	\$ 9,605

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

Regions Bank	Certificate of Deposit 7134	General	\$ 2,114
Regions Bank	Certificate of Deposit 9742	General	2,112
Regions Bank	Certificate of Deposit 9750	General	2,365
Regions Bank	Certificate of Deposit 0450	General	<u>14,530</u>
	Total		\$ 30,726

3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles and mobile homes) levied during the fiscal year:
- Verify use of county assessment rolls and trace levies to governing body minutes;
 - Determined the reasonableness of taxes levied per the tax rolls to amounts actually collected;
 - Traced distribution of taxes collected to proper funds;
 - Analyzed increase in taxes for most recent period for compliance with increase limitations of Sections 27-39-320 through 27-39-323, Mississippi Code, 1972, Annotated.

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

Ad valorem tax collections were found to be within the limitations of Sections 27-39-320 through 27-39-323, Mississippi Code, 1972, Annotated.

4. The Town did not issue general obligation debt.
5. 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:

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>Ledger Amount</u>
Sales Tax Allocation	General Fund	\$ 13,612
Homestead Exemption Reimburse.	General Fund	5,028
Gasoline Taxes	General Fund	1,015
Nuclear Plant Payments	General Fund	2,786
General Municipal Aid	General Fund	180
Other Aid	General Fund	92
Dept of Public Safety	General Fund	1,211
Grantor Payments Nontaxable	General Fund	3,847
Fire Protection Allocation	Fire Protection Fund	2,000
Fire Protection Allocation	General Fund	<u>60</u>
	Total	<u>\$29,831</u>

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

6. We selected a sample of purchases made by the town during the fiscal year. Each sample item was evaluated for proper approval and compliance with purchasing requirements set forth in Sections 31-7-13 and 31-7-23, Mississippi Code 1972, Annotated, as applicable. We also reviewed board minutes for approval of claims.

The sample consisted of the following:

Number of Sample items	13
Total Dollar Value of Sample	\$13,243.96

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

7. State –imposed court assessments were collected and settled monthly. (Section 99-19-73, 83-39-31, etc.)
Fines and forfeitures were collected and settled 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:

Part I – Question 11. 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)

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. (Section 21-35-11)

Part II – Question 17. The Town has not property tagged and accounted for fixed assets. (Section II – Municipal Audit and Accounting Guide).

Part IV – Question 15. The Town has not conducted an annual inventory of its fixed 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 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 fiscal year ended September 30, 2018.

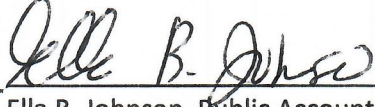


Ella B. Johnson, Public Accountant
Madison, MS 39110
December 28, 2020

**Johnson's Accounting Service
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Governing Body
Town of Arcola, 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, 2018.


Ella B. Johnson, Public Accountant

December 28, 2020

TOWN OF ARCOLA, MISSISSIPPI
Combined Statement of Receipts and Disbursements (All Funds)
For the Fiscal Year Ended September 30, 2018

	Governmental Activities			Business-Type Activities	
	General Fund	Other Nonmajor Funds	Total	Proprietary Fund	Total
RECEIPTS					
Taxes - Ad Valorem	50,361	784	51,145		
Privilege License & Permits	1,378		1,378		
Franchise and Utility	8,116		8,116		
State Shared Revenues:					
Homestead Reimbursement	5,028		5,028		
General Sales Tax	13,612		13,612		
General Municipal Aid	180		180		
Motor Vehicle Fuel Taxes	1,015		1,015		
Grand Gulf	2,786		2,786		
Municipal Fire Protection	61	2,000	2,061		
Dept of Health	2,482		2,482		
Dept of Public Safety	2,576		2,576		
Other Aid	92		92		
Fines and Forfeits	1,996		1,996		
Restitutions	1,100		1,100		
Local Donations	750		750		
County Shared Revenue:					
Gaming Revenue	11,491		11,491		
Charges for Services:					
Garbage Collections	15,476		15,476		
Water Utility				134,252	134,252
Water Meters				1,675	1,675
Other:					
Festival	3,753				
Reimbursements	2,252		2,252	3,957	3,957
Sale of Property	50,200		50,200		
Interest	166		166	5	5
Rental	2,825		2,825		
East Wahington Co. Fire District	-	23,122	23,122		
Miscellaneous	760	30	790		
TOTAL RECEIPTS	178,456	25,936	204,392	139,889	139,889

TOWN OF ARCOLA, MISSISSIPPI
Combined Statement of Receipts and Disbursements (All Funds)
For the Fiscal Year Ended September 30, 2018

	Governmental Activities			Business-Type Activities	
	General Fund	Other Nonmajor Funds	Total	Proprietary Fund	Total
DISBURSEMENTS					
General Government	137,996		137,996		
Public Safety		5,292	5,292		
State Treasurer	927		927		
Adm Fees - Grant Award		4,395	4,395		
Capital Outlay - Fire Equipment		25,128	25,128		
Health & Sanitation					
Garbage Contracts	17,772		17,772		
Health Council	1,491		1,491		
Festival	2,608		2,608		
Water Utility				93,308	93,308
Water Meters				1,050	1,050
Interest Paid	638		638		
Total Disbursements	161,432	34,815	196,247	94,358	94,358
Excess of Receipts Over (Under) Disbursements	17,024	(8,879)	8,145	45,531	45,531
OTHER FINANCING SOURCES (USES)					
Principal Paid	(8,770)		(8,770)		
Transfers In	9,408	2,500	11,908		
Transfers Out	(2,500)	(1,572)	(4,072)	(7,836)	(7,836)
Total Other Financing Sources (Uses)	(1,862)	928	(934)	(7,836)	(7,836)
Excess (Deficiency) of Receipts and other financing sources over disbursements and other financing uses	15,162	(7,951)	7,211	37,695	37,695
CASH BASIS FUND BALANCE:					
BEGINNING OF YEAR	110,531	8,185	118,716	63,861	63,861
CASH BALANCE FUND BALANCE:					
END OF YEAR	125,693	234	125,927	101,556	101,556
Restricted	30,726	0	30,726		
Unassigned	94,967	234	95,201	101,556	101,556
Total Cash Basis Fund Balances	125,693	234	125,927	101,556	101,556

TOWN OF ARCOLA, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF ARCOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

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 town 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, 2018

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 \$227,483, which includes \$ 30,726 in certificate of deposits with original maturities three to six months. The bank balance was \$196,757.

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	Interest	Date	Date of		Investment
Number	Rate	Acquired	Maturity	Bank	Cost/Value
370637126	2.18	12/13/1999	8/30/2019	Regions Bank	\$ 9,605
370637134	2.18	12/13/1999	8/30/2019	Regions Bank	\$ 2,114
370639742	2.18	6/9/2000	9/8/2019	Regions Bank	\$ 2,112
370639759	2.18	6/9/2000	9/8/2019	Regions Bank	\$ 2,365
370640450	0.05	8/14/2000	5/19/2019	Regions Bank	\$ 14,530
TOTAL					\$ 30,726

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.

TOWN OF ARCOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

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.

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

<u>Definition and Purpose</u>	<u>Balance</u> <u>Oct. 1.</u> <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Sept. 30, 2018</u>
Other Loans				
USDA - Rural Development				
Street Improvement - Loan 02	5,627		2,914	2,713
Fire Station - Loan 03	<u>11,555</u>	<u>-</u>	<u>5,856</u>	<u>5,699</u>
Total	\$ 17,182		\$ 8,770	\$ 8,412

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 home 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 56.00 mills and Fire Protection was 1.00 mill.

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, 2018

<u>Name</u>	<u>Position</u>	<u>Surety Company</u>	<u>Bond Number</u>	<u>Expiration Date</u>	<u>Bond Amount</u>
Cora Burnside	Mayor	Travelers Casualty & Surety Co.	150292438	7/3/2019	\$ 25,000
Jamie O. Bridges	Alderman	Travelers Casualty & Surety Co.	106719618	July 3, 2021	10,000
Rickie Williams	Alderman	Travelers Casualty & Surety Co.	106719617	July 3, 2021	10,000
Tinnie Richmond	Alderman	Travelers Casualty & Surety Co.	106719619	July 3, 2021	10,000
Johnny Sprouse	Alderman	Travelers Casualty & Surety Co.	106719620	July 3, 2021	10,000
Harold r. Winters	Alderman	Travelers Casualty & Surety Co.	106719616	July 3, 2021	10,000
Annette Morris	City Clerk	Travelers Casualty & Surety Co.	105313766	July 12, 2019	50,000
Brandon Addison	Police Chief	Travelers Casualty & Surety Co.	105313766	July 12, 2019	50,000

JOHNSON ACCOUNTING SERVICE

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

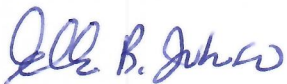
To the Mayor and the Board of Aldermen
Town of Arcola, Mississippi

We have compiled the accompanying Unaudited Statement of Cash Receipts and Disbursements – Governmental and Business-Type Activities and Schedule of Surety Bonds for Municipal Officials of the Town of Arcola, Mississippi, for the year ended September 30, 2018, 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, 2018, disclosed no material instances of non-compliance 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.



Ella B. Johnson, Public Accountant
Madison, Mississippi
December 28, 2020