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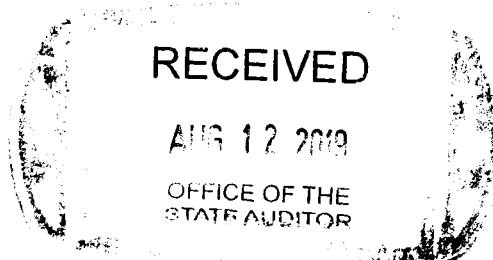
**Town of Beaumont, Mississippi
Audited Financial Statements
For the Year Ended September 30, 2018**



Town of Beaumont, Mississippi
Year Ended September 30, 2018

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HOLT & ASSOCIATES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

W. David Dill, CPA
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Founder (1915-1997)

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Alderpersons
Town of Beaumont, Mississippi
Beaumont, Mississippi

We have audited the accompanying financial statement of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Beaumont, Mississippi as of and for the year ended September 30, 2018, and the related notes to the financial statement, which collectively comprise the Town's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting as described in Note 1, this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statement referred to above presents fairly, in all material respects, the respective cash balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Beaumont, Mississippi as of September 30, 2018, and their respective cash receipts and disbursements for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention of Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis and budgetary comparison that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statement of the Town of Beaumont, Mississippi. The supplemental schedules on pages 10-12 are presented for purposes of additional analysis and are not a required part of the financial statements. The information in schedules 1 and 2 have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. We were unable to apply certain limited procedures to the supplementary information in Schedule 3 in accordance with auditing standards generally accepted in the United States of America because the Town has no detailed listing of the capital assets. We do not express an opinion or provide any assurance on the information.

Holt & Associates, PLLC

Laurel, MS
July 19, 2019

Town of Beaumont, Mississippi
Statement of Cash Receipts and Disbursements
Governmental and Business-Type Activities
For the Year Ended September 30, 2018

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | |
|-----------------------------------|--------------------------------|-----------------------------|---------------------------------|------------------|
| | <u>Major Funds</u> | | <u>Major Funds</u> | |
| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Utility Fund</u> | <u>Totals</u> |
| Receipts | | | | |
| General property taxes | \$ 240,590 | \$ - | \$ - | \$ 240,590 |
| Licenses and permits | | | | |
| Privilege licenses | 1,096 | - | - | 1,096 |
| Franchise charges - utilities | 79,178 | - | - | 79,178 |
| Fines and Forfeitures | 6,274 | - | - | 6,274 |
| Intergovernmental Revenue | | | | |
| Homestead exemption reimbursement | 4,505 | - | - | 4,505 |
| Sales taxes | 111,284 | - | - | 111,284 |
| Gasoline tax | 3,759 | - | - | 3,759 |
| Operating grant | 1,374 | 236,151 | - | 237,525 |
| Charges for services | | | | |
| Gas | - | - | 113,892 | 113,892 |
| Sewer | - | - | 79,239 | 79,239 |
| Water | - | - | 183,585 | 183,585 |
| Interest | 6,199 | - | 5,792 | 11,991 |
| Miscellaneous receipts | <u>31,042</u> | <u>-</u> | <u>13,842</u> | <u>44,884</u> |
| Total receipts | <u>485,301</u> | <u>236,151</u> | <u>396,350</u> | <u>1,117,802</u> |

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The notes to the financial statements
are an integral part of this statement.

Town of Beaumont, Mississippi
Statement of Cash Receipts and Disbursements
Governmental and Business-Type Activities
For the Year Ended September 30, 2018

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | |
|--|--------------------------------|-----------------------------|---------------------------------|---------------------|
| | <u>Major Funds</u> | | <u>Major Funds</u> | |
| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Utility Fund</u> | <u>Totals</u> |
| Disbursements | | | | |
| General government | \$ 101,697 | \$ - | \$ - | \$ 101,697 |
| Public safety | 173,775 | - | - | 173,775 |
| Public works | 62,456 | - | - | 62,456 |
| Parks & Recreation | 26,112 | - | - | 26,112 |
| Enterprise: water and sanitation | - | 236,151 | 310,153 | 546,304 |
| Total disbursements | <u>364,040</u> | <u>236,151</u> | <u>310,153</u> | <u>910,344</u> |
| Excess (deficiency) of receipts | | | | |
| Total disbursements | <u>121,261</u> | <u>-</u> | <u>86,197</u> | <u>207,458</u> |
| Cash Basis Fund Balance - Beginning of Year | <u>675,560</u> | <u>-</u> | <u>600,986</u> | <u>1,276,546</u> |
| Cash Basis Fund Balance - End of Year | <u>\$ 796,821</u> | <u>\$ -</u> | <u>\$ 687,183</u> | <u>\$ 1,484,004</u> |

The notes to the financial statements
are an integral part of this statement.

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TOWN OF BEAUMONT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Beaumont, Mississippi, operates under the Mayor-Aldermen form of government and provides all of the rights and privileges provided by statute for municipalities.

Financial Reporting Entity

For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the Town's Board of Aldermen.

As defined by the cash basis of accounting, the Town is considered a "primary government." The Town is governed by a five member board which each member was elected by the citizens of each defined Town wards. The Town has no component units.

Basis of Presentation

The financial statements of the Town have been prepared on the cash receipts and disbursements basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Fund financial statements of the Town are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. The individual funds account for governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

Fund Financial Statements:

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when collected and disbursements are recorded when spent.

The Town reports the following major governmental funds:

General Fund – The general fund is the general operating fund of the Town. It accounts for all financial resources of the Town, except those required to be accounted for in another fund. All general tax revenues and other sources of revenue used to finance the fundamental operations of the Town are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not been established.

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TOWN OF BEAUMONT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special Revenue Fund – The special revenue fund is used to account for all financial resources of the Community Development Block grant.

Additionally, the Town reports the following major Business-type funds:

Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes.

Account Classifications.

The account classifications used in the financial statements conform to the classifications prescribed in the *Financial Accounting Manual for Mississippi Municipalities* issued by the Office of the State Auditor.

Cash and Cash Equivalents

Cash and cash equivalents consist of amounts on deposit in demand accounts and certificates of deposit with maturities of three months or less from the end of the fiscal year. Cash and cash equivalents are valued at cost, which reasonably estimates fair market value.

Investments

The Town is allowed, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America, the State of Mississippi, or of any county or municipality of this state, when such county or municipal bonds have been properly approved; or in interest-bearing time certificates of deposit or interest-bearing accounts with any financial institution approved for the deposit of state funds; or in any type of investment permitted by sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972).

Investments are reported at fair value, which is determined using selected bases. All of the Town's investments consist of Certificates of Deposits and a brokerage account with Morgan Stanley. The certificate of deposits mature over three months from the end of the fiscal year and are not considered cash or cash equivalents. These certificates of deposit are reported at cost, which is the fair value. The Morgan Stanley account is also reported at cost which is consistent with the cash basis of accounting.

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TOWN OF BEAUMONT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

The Board of Aldermen meet each year in September, and levies property taxes for the ensuing fiscal year which begins October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1. Taxes on both real and personal property, are due on or before February 1 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 the original purchase. Delinquent tax payments, received throughout the year, are recognized as revenue in the year received.

The millage rate for the Town for January through December was 34 mills.

State statutes exist under which the Board of Aldermen may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the Town. Restrictions associated with property tax levies are established by State law which provides that the tax levy for general purposes shall produce no more than 110% of the amount which results from those levies' assessments of the previous year.

NOTE 2 – DEPOSITS AND INVESTMENTS

The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation. The carrying amount of the Town's deposits with financial institutions was \$1,455,287 (which includes \$955,322 of certificates of deposits) and the bank balance was \$1,475,393 for 2018.

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 deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the Town. As of September 30, 2018, the Town's bank balance did not have any exposure to custodial credit risk.

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.

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**TOWN OF BEAUMONT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk. State law limits investments to those prescribed in Section 21-33-323, 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. However, as of September 30, 2018, the Town had investments that were in violation of state law. This investment was exposed to stock market rate risks. The value of the stock at September 30, 2018 was \$23,443.

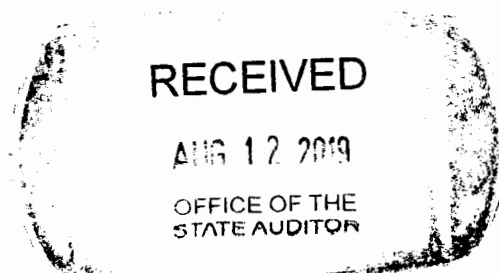
Concentration of Credit Risk. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of the total investments, is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. Government, investments in mutual funds, and external investment pools, and other pooled investments.

NOTE 3—DEFINED BENEFIT PENSION PLAN

Plan Description. The Town of Beaumont, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 9% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The rate at September 30, 2018 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The Town's contributions to PERS for the fiscal year ending September 30, 2018, 2017, and 2016 were \$33,612, \$32,075, and \$30,273, respectively, which equaled the required contributions for each year.

Membership in PERS is a condition of employment for all eligible employees of the State of Mississippi, public schools, institutions of higher learning, community and junior colleges, and eligible employees of municipalities, counties and other political subdivisions and instrumentalities of municipal and county government that have entered into a Membership Agreement approved by the PERS Board of Trustees (Board).



TOWN OF BEAUMONT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 4 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in this fiscal year.

NOTE 5 – CONTINGENCIES

Litigation – The Town of Beaumont, Mississippi is not a defendant in any lawsuits at this time.

Federal Grants – The Town has received federal grants for specific purposes that are subject by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the Town.

NOTE 6 – SUBSEQUENT EVENTS

The Town has evaluated subsequent events through July 19, 2019, the date which the financial statements were available to be issued. In March, 2019 the Town sold the investment with Morgan Stanley for \$22,166 and deposited the proceeds into their general fund checking account.

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Town of Beaumont, Mississippi
Schedule 1
Schedule of Investments – All Funds
September 30, 2018

| <u>OWNERSHIP</u> | <u>TYPE OF INVESTMENT</u> | <u>INTEREST RATE</u> | <u>ACQUISITION DATE</u> | <u>MATURITY DATE</u> | <u>INVESTMENT COST/VALUE</u> |
|--------------------------|---------------------------|----------------------|-------------------------|----------------------|------------------------------|
| General Fund | Certificate of Deposit | 2.14% | 8/17/18 | 8/17/19 | \$ 122,497 |
| General Fund | Certificate of Deposit | 1.99% | 5/5/18 | 5/5/19 | 184,156 |
| General Fund | Certificate of Deposit | 1.06% | 10/11/17 | 11/11/18 | 113,132 |
| General Fund | Certificate of Deposit | 1.78% | 4/19/18 | 4/19/19 | 56,671 |
| General Fund | Equity Investments | n/a | n/a | n/a | <u>23,443</u> |
| TOTAL GENERAL | | | | | <u>499,899</u> |
| Proprietary Fund | Certificate of Deposit | 1.85% | 5/5/18 | 5/5/19 | 61,487 |
| Proprietary Fund | Certificate of Deposit | 0.93% | 10/11/17 | 10/11/18 | 76,126 |
| Proprietary Fund | Certificate of Deposit | 1.91% | 4/19/18 | 4/19/19 | 215,429 |
| Proprietary Fund | Certificate of Deposit | 1.95% | 5/31/15 | 5/31/19 | <u>125,824</u> |
| TOTAL PROPRIETARY | | | | | <u>478,866</u> |
| TOTAL INVESTMENTS | | | | | <u><u>\$ 978,765</u></u> |

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Town of Beaumont, Mississippi
Schedule 2
Schedule of Surety Bonds of Municipal Officials
September 30, 2018

| <u>Name</u> | <u>Position</u> | <u>Surety</u> | <u>Bond Amount</u> | <u>Expiration</u> | <u>Premium</u> |
|-------------------|--------------------|-----------------|--------------------|-------------------|----------------|
| Tammy Eubanks | City Clerk | Scott Insurance | \$ 50,000 | 6/1/2020 | 175.00 |
| Darlene Collins | Deputy Court Clerk | Scott Insurance | 50,000 | 6/1/2020 | 175.00 |
| Wayne Penton | Chief | Scott Insurance | 50,000 | 6/1/2020 | 175.00 |
| Derek Magee | Police | Scott Insurance | 25,000 | 6/1/2020 | 100.00 |
| Perry Fairley | Police | Scott Insurance | 25,000 | 6/1/2020 | 100.00 |
| Gary Lott | Police | Scott Insurance | 25,000 | 6/1/2020 | 100.00 |
| Ronnie Rankins | Police | Scott Insurance | 25,000 | 6/1/2020 | 100.00 |
| Jamie Chambless | Mayor | Scott Insurance | 25,000 | 7/3/2021 | 125.00 |
| Chris Bolton | Alderman | Scott Insurance | 25,000 | 7/3/2021 | 125.00 |
| Beverly Hesterman | Alderman | Scott Insurance | 25,000 | 7/3/2021 | 125.00 |
| Hope Freeman | Alderman | Scott Insurance | 25,000 | 7/3/2021 | 125.00 |
| James Freeman | Alderman | Scott Insurance | 25,000 | 7/3/2021 | 125.00 |
| Princess Bolton | Alderman | Scott Insurance | 25,000 | 7/3/2021 | 125.00 |

See Accountants' Report.



Town of Beaumont, Mississippi
Schedule 3
Schedule of Capital Assets
September 30, 2018

| | <u>Beginning</u> <u>Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending</u> <u>Balance</u> |
|----------------------------------|--|-------------------------|-------------------------|---|
| Governmental Activities: | | | | |
| Land | \$ 131,185 | \$ - | \$ - | \$ 131,185 |
| Buildings | 960,096 | - | - | 960,096 |
| Machinery & Equipment | 719,046 | - | - | 719,046 |
| Infrastructure | 228,546 | - | - | 228,546 |
| Total governmental activities | <u>2,038,873</u> | <u>-</u> | <u>-</u> | <u>2,038,873</u> |
| Business-type Activities: | | | | |
| Land | - | - | - | - |
| Buildings | 12,696 | - | - | 12,696 |
| Machinery & Equipment | 482,745 | - | - | 482,745 |
| Infrastructure | <u>4,645,420</u> | <u>366,528</u> | <u>-</u> | <u>5,011,948</u> |
| Total business-type activities | <u>5,140,861</u> | <u>366,528</u> | <u>-</u> | <u>5,507,389</u> |
| Total Capital Assets | <u>\$ 7,179,734</u> | <u>\$ 366,528</u> | <u>\$ -</u> | <u>\$ 7,546,262</u> |

See Accountants' Report.

Town of Beaumont, Mississippi
Reports on Compliance and Internal Control

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H. I. Holt, CPA
Founder (1915-1997)

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor, Members of the
Board of Alderpersons and Town Clerk
Town of Beaumont, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Beaumont, Mississippi, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise Town of Beaumont, Mississippi's basic financial statements and have issued our report thereon dated July 19, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Beaumont, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Beaumont, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Beaumont, Mississippi's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2018-1 through 2018-3, to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 2018-4, to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Beaumont, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2018-5.

Town of Beaumont, Mississippi's Response to Findings

Town of Beaumont, Mississippi's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. Town of Beaumont, Mississippi's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Holt & Associates, PLLC

Laurel, MS

July 19, 2019





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Founder (1915-1997)

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

Honorable Mayor, Members of the
Board of Alderpersons and Town Clerk
Town of Beaumont, Mississippi

We have audited the financial statement of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Beaumont, Mississippi as of and for the year ended September 30, 2018, and have issued our report thereon dated July 19, 2019. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As required by the state legal compliance audit program prescribed by the Office of the 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 audit and, accordingly, we do not express such an opinion.

The results of those procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements did not disclose any immaterial instances of noncompliance with other state laws and regulations. However, our procedures did disclose material instances of noncompliance with state laws and regulations. Those findings and recommendations and your responses are listed as items 2018-3 through 2018-5 on the Schedule of Findings and Responses.

The Office of the State Auditor or a public accounting firm will review, on a subsequent year's audit engagement, the findings in this report to ensure that corrective action has been taken.

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OFFICE OF THE
STATE AUDITOR

This report is intended solely for the information and use of the management, Town officials and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Holt & Associates, PLLC

Laurel, MS
July 19, 2019

**Town of Beaumont, Mississippi
Schedule of Findings and Responses
For Year Ended September 30, 2018**

SIGNIFICANT DEFICIENCIES CONSIDERED TO BE MATERIAL WEAKNESSES:

Finding 2018-1:

Finding:

There is a limited accounting staff to properly segregate the duties normally required for an efficient internal control structure. However, due to the limited number of personnel, an adequate segregation of duties is not possible without additional costs.

Recommendation:

The cost of hiring additional personnel versus the benefit of a proper segregation of duties must be weighed.

Response:

Since the cost to hire additional personnel is cost prohibitive, this will continue to be a deficiency in future audits. Management considers sufficient internal controls are present.

Finding 2018-2:

Finding:

Adjustments to utility bills are being made and are not approved in the board minutes.

Recommendation:

Adjustments of utility bills should be approved by the board and documented in the board minutes.

Response

Town policy allows for one adjustment per year on sewer usage for filling of swimming pools. Adjustments for water leaks may be made only after repairs are made and the customer furnishes certain information to the town, such as receipts from the purchase of parts/supplies or an invoice from a plumber. The current policy does not state that these adjustments can not be made without prior approval from the board. The Town will take into consideration the recommendation from the auditors. This will require the board to update the town's water, sewer, and gas policy.

Finding 2018-3:

Finding:

The Town does not have adequate capital asset recorded as prescribed by the Mississippi State Audit Department.

Recommendation:

The Town should compile and maintain capital asset records as prescribed in section IIC of the Municipal Accounting Guide issued by the Mississippi State Audit Department.

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**Town of Beaumont, Mississippi
Schedule of Findings and Responses
For Year Ended September 30, 2018**

Response

The Town will compile and maintain capital asset records as prescribed in section IIC of the Municipal Accounting Guide issued by the Mississippi State Audit Department.

SIGNIFICANT DEFICIENCIES NOT CONSIDERED TO BE MATERIAL WEAKNESSES:

Finding 2018-4:

Finding:

Section 21-33-323, Miss. Code Ann. (1972) does not allow municipalities to own stocks in the stock market. The Town owns stock in Campbell Soup that was donated to the Town several years ago.

Recommendation:

The Town should review investments in future for violations of laws. Since year end, the Town has sold this stock and deposited money into the general fund checking account which has alleviated this issue going forward.

Response

Since the year end, the stock that was donated to the town was sold and the money was deposited into the general fund.

MATERIAL NONCOMPLIANCE:

Finding 2018-5:

Finding:

The Town did not get proper bids on equipment purchased. According to Section 31-7-13 of the MS Code Ann. (1972), municipalities are required to get quotes on purchases of \$5,000-\$50,000 and bids on purchases over \$50,000.

Recommendation:

The Town should make sure that purchase procedures are following MS State Law.

Response

The Town will get quotes on purchases of \$5,000-\$50,000 and take bids on purchases over \$50,000 as required by Section 31-7-13 of the MS Code Ann.(1972).

