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, 2019

Ella B. Johnson

Public Accountant

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TOWN OF ARCOLA, MISSISSIPPI
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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SPECIAL REPORT ON AGREED UPON PROCEDURES FOR SMALL MUNICIPALITIES
(Compliance Letter)
June 28, 2021

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, 2019 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:

Financial Institution	General Fund	Balance Per General Ledger
Guaranty Bank	General Fund	$ 21,329
Guaranty Bank	General Fund – Employment Security Fund	18,875
Guaranty Bank	General Fund – Rainy Day Fund	70,516
Guaranty Bank	General Fund – Mayor's Health Council	1,265
Guaranty Bank	General Fund – Festival Account	6,063
	Total General Fund	$118,048
	Special Revenue Funds:	
Guaranty Bank	Fire Protection	$ 21,574
Guaranty Bank	Housing Project	22
	Total Special Revenue Funds	$21,596
	Proprietary Fund:	
Guaranty Bank	Proprietary Fund – Water Fund	$ 23,064
Guaranty Bank	Proprietary Fund – Water Meter	14,835
Guaranty Bank	Proprietary Fund – Water Dept. Savings	56,662
	Proprietary Fund – MMA Account	5,252
	Total Proprietary Fund	$99,813

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).

Financial Institution	Security	Fund	General Ledger
Regions Bank	Certificate of Deposit 7126	General	$ 9,694

Regions Bank	Certificate of Deposit 7134	General	$	2,134
Regions Bank	Certificate of Deposit 9742	General		2,132
Regions Bank	Certificate of Deposit 9759	General		2,388
Regions Bank	Certificate of Deposit 0450	General		14,609
	Total		$	30,957

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:

    a. Verify use of county assessment rolls and trace levies to governing body minutes;
    b. Determined the reasonableness of taxes levied per the tax rolls to amounts actually collected;
    c. Traced distribution of taxes collected to proper funds;
    d. 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:

Payment Purpose	Receiving Fund	Ledger Amount
Sales Tax Allocation	General Fund	$ 9,081
Homestead Exemption Reimburse.	General Fund	5,307
Gasoline Taxes	General Fund	1,015
Nuclear Plant Payments	General Fund	2,659
General Municipal Aid	General Fund	180
Dept. of Health	General Fund	2,658
Dept of Public Safety	General Fund	2,103
Fire Protection Allocation	Fire Protection Fund	2,070
Fire Protection Allocation	General Fund	60
	Total	$25,134

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	11
Total Dollar Value of Sample	$78,274.88

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 for prior year. (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, 2019.

Ella B. Johnson

Ella B. Johnson, Public Accountant
Madison, MS 39110
June 28, 2021

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, 2019.

Ella B. Johnson

Ella B. Johnson, Public Accountant

June 28, 2021

TOWN OF ARCOLA, MISSISSIPPI
Combined Statement of Receipts and Disbursements (All Funds)
For the Fiscal Year Ended September 30, 2019

	Governmental Activities			Business-Type Activities	
	General Fund	Other Nonmajor Funds	Total	Proprietary Fund	Total
RECEIPTS					
Taxes - Ad Valorem	56,077	868	56,945		
Privilege License & Permits	2,603		2,603		
Franchise and Utility	7,503		7,503		
State Shared Revenues:					
Homestead Reimbursement	5,307		5,307		
General Sales Tax	9,081		9,081		
General Municipal Aid	180		180		
Motor Vehicle Fuel Taxes	1,015		1,015		
Grand Gulf	2,659		2,659		
Municipal Fire Protection	61	2,070	2,131		
Dept of Health	2,658		2,658		
Dept of Public Safety	2,103		2,103		
Fines and Forfeits	87		87		
Restitutions	542		542		
FEMA Grant Income		92,286			
County Shared Revenue:					
Gaming Revenue	10,625		10,625		
Highway Maintenance	1,854		1,854		
Voting Faciliity	1,500		1,500		
Charges for Servises:					
Garbage Collections	14,066		14,066		
Water/Sewer Utility				115,287	115,287
Water Meters				1,375	1,375
Other:					
Festival	6,509				
Reimbursements	5,904		5,904	798	798
Sale of Property	52,884		52,884		
Interest	257		257	23	23
Rental	2,100		2,100		
East Wahington Co. Fire District	-	6,414	6,414		
Other Revenue	1,071	75	1,146		
TOTAL RECEIPTS	186,646	101,713	288,359	117,483	117,483

TOWN OF ARCOLA, MISSISSIPPI
Combined Statement of Receipts and Disbursements (All Funds)
For the Fiscal Year Ended September 30, 2019

	Governmental Activities			Business-Type Activities	
	General Fund	Other Nonmajor Funds	Total	Proprietary Fund	Total
DISBURSEMENTS					
General Government	133,595		133,595		
Public Safety	1,681	4,755	4,755		
State Treasurer	353		353		
Capital Outlay - Fire Equipment		78,275	78,275		
Health & Sanitation					
Gargage Contracts	14,400		14,400		
Health Council	3,521		3,521		
	1,265				
Festival			-		
Water Utility				115,904	115,904
Water Meters				750	750
Interest Paid			-		
Total Disbursements	154,815	83,030	237,845	116,654	116,654
Excess of Receipts Over (Under) Disbursements	31,831	18,683	50,514	829	829
OTHER FINANCING SOURCES (USES)					
Principal Paid			-	(8,412)	(8,412)
Transfers In		3,727	3,727	5,840	5,840
Transfers Out	(8,519)	(1,048)	(9,567)		
Total Other Financing Sources (Uses)	(8,519)	2,679	(5,840)	(2,572)	(2,572)
Excess (Deficiency) of Receipts and other financing sources over disbursements and other financing uses	23,312	21,362	44,674	(1,743)	(1,743)
CASH BASIS FUND BALANCE: BEGINNING OF YEAR	125,693	234	125,927	101,556	101,556
CASH BALANCE FUND BALANCE: END OF YEAR	149,005	21,596	170,601	99,813	99,813
Restricted	30,957	0	30,957		
Unassigned	118,048	21,596	139,644	99,813	99,813
Total Cash Basis Fund Balances	149,005	21,596	170,601	99,813	99,813

TOWN OF ARCOLA, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2019

TOWN OF ARCOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2019

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 Board of 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.

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 all funds was $270,414, which includes $ 30,957 in certificate of deposits. The bank balances total was $239,457.

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	Date of Maturity	Bank	Investment Cost/Value
370637126	8/30/2019	Regions Bank	$ 9,694
370637134	8/30/2019	Regions Bank	$ 2,134
370639742	9/8/2019	Regions Bank	$ 2,132
370639759	9/8/2019	Regions Bank	$ 2,388
370640450	5/19/2019	Regions Bank	$ 14,609
TOTAL			$ 30,957

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.

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. 2018	Additions	Reductions	Balance Sept. 30, 2019
Other Loans				
USDA - Rural Development				
Street Improvement - Loan 02	2,713		2,713	-0-
Fire Station - Loan 03	5,699	-	5,699	-0-
Total	$ 8,412		$ 8,412	$ -0-

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, 2019

Name	Position	Surety Company	Bond Number	Expiration Date	Bond Amount
Cora Burnside	Mayor	Travelers Casualty & Surety Co.	150292438	7/3/2020	$ 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, 2020	50,000
Brandon Addison	Police Chief	Travelers Casualty & Surety Co.	105313766	July 12, 2020	50,000

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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 Combined Statement of Cash Receipts and Disbursements (All Funds), 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, 2019, 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. According, 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, 2019 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

Ella B. Johnson, Public Accountant
Madison, Mississippi
June 28, 2021