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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, 2020

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**TOWN OF ARCOLA, MISSISSIPPI
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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SPECIAL REPORT ON AGREED UPON PROCEDURES FOR SMALL MUNICIPALITIES

(Compliance Letter)

July 26, 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, 2020 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	\$ 32,928
Guaranty Bank	General Fund – Employment Security Fund	19,525
Guaranty Bank	General Fund – Rainy Day Fund	64,062
Guaranty Bank	General Fund – Mayor's Health Council	2,023
Guaranty Bank	General Fund – Festival Account	<u>1,864</u>
	Total General Fund	\$120,402
	<u>Special Revenue Funds:</u>	
Guaranty Bank	Fire Protection	\$ 1,194
Guaranty Bank	Housing Project	22
Guaranty Bank	HB1 Funds	<u>22,015</u>
	Total Special Revenue Funds	\$23,231
	<u>Proprietary Fund:</u>	
Guaranty Bank	Proprietary Fund – Water Fund	\$ 28,519
Guaranty Bank	Proprietary Fund – Water Meter	15,735
Guaranty Bank	Proprietary Fund – Water Dept. Savings	64,131
	Proprietary Fund – MMA Account	<u>5,267</u>
	Total Proprietary Fund	<u>\$113,652</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	\$ 9,823

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

Regions Bank	Certificate of Deposit 7134	General	\$ 2,162
Regions Bank	Certificate of Deposit 9742	General	2,153
Regions Bank	Certificate of Deposit 9759	General	2,411
Regions Bank	Certificate of Deposit 0450	General	<u>14,893</u>
Total			\$ 31,442

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:

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>Ledger Amount</u>
Sales Tax Allocation	General Fund	\$ 12,554
Homestead Exemption Reimburse.	General Fund	5,591
Gasoline Taxes	General Fund	1,015
Nuclear Plant Payments	General Fund	2,492
General Municipal Aid	General Fund	180
Dept. of Health	General Fund	2,194
Fire Protection Allocation	Fire Protection Fund	2,178
Other Aid	HB1 Special Rev.	<u>22,030</u>
Total		<u>\$48,234</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	11
Total Dollar Value of Sample	\$11,324.79

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

7. Fines and Forfeitures were not collected.
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 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).

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, 2020.



Ella B. Johnson, Public Accountant
Madison, MS 39110
July 26, 2021

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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, 2020.



Ella B. Johnson, Public Accountant

July 26, 2021

TOWN OF ARCOLA, MISSISSIPPI
Combined Statement of Receipts and Disbursements (All Funds)
For the Fiscal Year Ended September 30, 2020

	Governmental Activities			Business-Type Activities	
	General Fund	Other Nonmajor Funds	Total	Proprietary Fund	Total
RECEIPTS					
Taxes - Ad Valorem	54,239	615	54,854		
Privilege License & Permits	1,204		1,204		
Franchise and Utility	7,545		7,545		
State Shared Revenues:					
Homestead Reimbursement	5,591		5,591		
General Sales Tax	12,554		12,554		
General Municipal Aid	180		180		
Motor Vehicle Fuel Taxes	1,015		1,015		
Grand Gulf	2,492		2,492		
Municipal Fire Protection	-	2,178	2,178		
Dept of Health	2,194		2,194		
Other Aid		22,030	22,030		
Entergy Grant	400		400		
Grant Income Covid-19	3,700		3,700		
County Shared Revenue:					
Gaming Revenue	7,560		7,560		
Highway Maintenance	1,612		1,612		
Voting Facility	1,500		1,500		
Charges for Services:					
Garbage Collections	16,727		16,727		
Water Utilities				71,444	71,444
Sewer Utilities				39,806	39,806
Water Meters				1,350	1,350
Other:					
Festival	580				
Reimbursements	4,124		4,124		
Land Redemption	85		85		
Interest	492		492	9	9
Rental	9,299		9,299		
East Wahington Co. Fire District	-	2,200	2,200		
Other Revenue	1,985	-	1,985	12	12
TOTAL RECEIPTS	135,078	27,023	162,101	112,621	112,621

TOWN OF ARCOLA, MISSISSIPPI
Combined Statement of Receipts and Disbursements (All Funds)
For the Fiscal Year Ended September 30, 2020

	Governmental Activities			Business-Type Activities	
	General Fund	Other Nonmajor Funds	Total	Proprietary Fund	Total
DISBURSEMENTS					
General Government	104,331	15	104,346		
Public Safety		9,124	9,124		
Capital Outlay - Fire Equipment		18,545	18,545		
Health & Sanitation					
Gargage Contracts	13,200		13,200		
Health Council	4,036		4,036		
Festival	4,779		4,779		
Water Utility				101,859	101,859
Water Meters				450	450
Interest Paid			-		
Total Disbursements	126,346	27,684	154,030	102,309	102,309
Excess of Receipts Over (Under) Disbursements	8,732	(661)	8,071	10,312	10,312
OTHER FINANCING SOURCES (USES)					
Transfers In		2,296	2,296	3,527	3,527
Transfers Out	(5,893)		(5,893)		
Total Other Financing Sources (Uses)	(5,893)	2,296	(3,597)	3,527	3,527
Excess (Deficiency) of Receipts and other financing sources over disbursements and other financing uses	2,839	1,635	4,474	13,839	13,839
CASH BASIS FUND BALANCE:					
BEGINNING OF YEAR	149,005	21,596	170,601	99,813	99,813
CASH BALANCE FUND BALANCE:					
END OF YEAR	151,844	23,231	175,075	113,652	113,652
Restricted	31,442	22,015	53,457		
Unassigned	120,402	1,216	121,618	113,652	113,652
Total Cash Basis Fund Balances	151,844	23,231	175,075	113,652	113,652

TOWN OF ARCOLA, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

TOWN OF ARCOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

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.

TOWN OF ARCOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

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	\$ 9,823
370637134	8/30/2019	Regions Bank	\$ 2,162
370639742	9/8/2019	Regions Bank	\$ 2,153
370639759	9/8/2019	Regions Bank	\$ 2,411
370640450	5/19/2019	Regions Bank	\$ 14,893
TOTAL			\$ 31,442

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, 2020

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: The Town of Arcola paid Long Term Debt in full as of fiscal year ending September 30, 2019.

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, 2020

<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	7/3/2021	\$ 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, 2021	50,000
Milton Goza	Police Chief	Travelers Casualty & Surety Co.	105313766	July 12, 2021	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, 2020, 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, 2020 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
July 26, 2021

