

OFFICE OF THE STATE AUDITOR REPORT NOTE:

Section 7-7-211, Mississippi Code Annotated (1972) gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

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, 2022

Ella B. Johnson
Public Accountant
119 Greenridge Drive
Madison, MS 39110
662-347-5773 (Office)
601-790-9369 (Fax)

**TOWN OF ARCOLA, MISSISSIPPI
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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Johnson's Accounting Service
119 Greenridge Drive
Madison, MS 39110
Phone: 662-347-5773 – FAX: 601-790-9369

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

September 22, 2023

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, 2022 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	\$16,637.64
Guaranty Bank	Employment Security Fund	21,043.51
Guaranty Bank	Rainy Day Fund	52,064.98
Guaranty Bank	Mayor's Health Council	852.38
Guaranty Bank	Festival Account	1,796.15
Regions Bank	Certificates of Deposit	<u>31,448.19</u>
	Total General Fund	\$123,842.90
	<u>Special Revenue Funds:</u>	
Guaranty Bank	Fire Protection	\$26,321.25
Guaranty Bank	Housing Project	21.00
Guaranty Bank	HB1 Funds	<u>39,271.92</u>
	Total Special Revenue Funds	\$65,614.68
	<u>Proprietary Fund:</u>	
Guaranty Bank	Water Fund	\$ 22,217.41
Guaranty Bank	Water Meter	16,839.40
Guaranty Bank	Water Dept. Savings	87,810.49
Guaranty Bank	MMA Account	5,271.30
Guaranty Bank	ARPA	78,888.35
Guaranty Bank	USDA	<u>12,009.00</u>
	Total Proprietary Fund	\$223,035.95

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

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>OWNERSHIP</u>	<u>TYPE OF INVESTMENT</u>	<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>INVESTMENT COST VALUE</u>
General Fund	Certificate of Deposit	0.01%	02/10/2023	\$9,824.72
General Fund	Certificate of Deposit	0.01%	02/10/2023	\$2,162.75
General Fund	Certificate of Deposit	0.01%	02/19/2023	\$2,153.17
General Fund	Certificate of Deposit	0.01%	02/19/2023	\$2,411.68
General Fund	Certificate of Deposit	0.38%	11/17/2022	<u>\$14,895.87</u>
TOTAL INVESTMENTS				<u>\$31,448.19</u>

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. 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 cash receipts journal. Payments traced were as follows:

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>Ledger Amount</u>
Sales Tax Allocation	General Fund	\$ 12,764.54
Homestead Exemption Reimburse.	General Fund	5,343.52
Gasoline Taxes	General Fund	865.68
Nuclear Plant Payments	General Fund	2,602.95
General Municipal Aid	General Fund	179.73

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

Dept. of Health	General Fund	2,750.00
Dept. of Public Safety	General Fund	16,103.85
Fire Protection Allocation	Fire Protection Fund	3,842.29
Other Aid	Special Revenue Fund	24,340.56
Other Aid	ARPA Fund	<u>39,458.15</u>
	Total	<u>\$108,251.27</u>

5. 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.

The sample consisted of the following:

Number of Sample items	9
Total Dollar Value of Sample	\$39,509.29

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

6. We selected a sample of collections of fines and forfeitures to determine that the Municipal Court Clerk settled receipts daily with the Municipal Clerk as required by Section 21-15-21, Miss. Code Ann. (1972). We selected a sample of state-imposed court assessments collected to determine that the Municipal Clerk settled assessments collected monthly with the Dept. of Finance and Administration as required by Sections 99-19-73 and 83-39-31, etc. of the Miss. Code Ann. (1972).

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

7. We have read the Municipal Compliance Questionnaire completed by the municipality, signed and recorded in the board's minutes. The completed questionnaire was tested to determine that it was accurately prepared. There were no instances of non-compliance in the special report on agreed-upon procedures.

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, 2022.



Ella B. Johnson, Public Accountant
September 22, 2023

**Johnson's Accounting Service
Public Accountant
119 Greenridge Drive
Madison, MS 39110
Phone: 662-347-5773
Fax: 601-790-9369**

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, 2022.


Ella B. Johnson, Public Accountant

September 22, 2023

TOWN OF ARCOLA, MISSISSIPPI
Combined Statement of Receipts and Disbursements (All Funds)
For the Fiscal Year Ended September 30, 2022

	Governmental Activities			Business-Type Activities	
	General Fund	Other Nonmajor Funds	Total	Proprietary Fund	Total
RECEIPTS					
Taxes - Ad Valorem	54,952	949	55,902		
Privilege License & Permits	1,573		1,573		
Franchise and Utility	8,521		8,521		
State Shared Revenues:					
Homestead Reimbursement	5,344		5,344		
General Sales Tax	12,765		12,765		
General Municipal Aid	180		180		
Motor Vehicle Fuel Taxes	866		866		
Nuclear Plant Payments	2,603		2,603		
Dept of Health	2,750		2,750		
Other Aid		24,341	24,341		
ARPA Grant Funds				39,458	39,458
Dept of Public Safety	16,104		16,104		
Fire Protection	51	3,792	3,843		
County Shared Revenue:					
Gaming Revenue	10,459		10,459		
Highway Maintenance	2,845		2,845		
Voting Facility	1,500		1,500		
Charges for Services:					
Garbage Collections	15,198		15,198		
Water Utilities				67,909	67,909
Sewer Utilities				40,292	40,292
Water Meters				1,275	1,275
Other:					
Fines & Forfeits	1,286		1,286		
Entergy Grant	1,000		1,000		
Festival	2,424		2,424		
Reimbursements	4,614		4,614		
Land Redemption	105		105		
Interest	18	10	28	17	17
Rental	9,717		9,717		
East Wahington Co. Fire District	118	27,512	27,630		
Other Revenue	7,120	30	7,150	5,889	5,889
TOTAL RECEIPTS	162,113	56,634	218,747	154,840	154,840
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TOWN OF ARCOLA, MISSISSIPPI
Combined Statement of Receipts and Disbursements (All Funds)
For the Fiscal Year Ended September 30, 2022

	Governmental Activities			Business-Type Activities	
	General Fund	Other Nonmajor Funds	Total	Proprietary Fund	Total
DISBURSEMENTS					
General Government	149,458		149,458		
Public Safety - Police	4,811		4,811		
Public Safety - Fire		23,994	23,994		
Health & Sanitation					
Garbage Contracts	14,400		14,400		
Health Council	3,474		3,474		
Festival	2,835		2,835		
Water Utility				103,435	103,435
Repairs & Maintenance		7,155	7,155	10,451	10,451
Water Meters				600	600
Total Disbursements	174,978	31,149	206,127	114,486	114,486
Excess of Receipts Over (Under) Disbursements	(12,865)	25,485	12,620	40,354	40,354
OTHER FINANCING SOURCES (USES)					
Transfers In				12,807	12,807
Transfers Out	(12,807)		(12,807)		
Total Other Financing Sources (Uses)	(12,807)	-	(12,807)	12,807	12,807
Excess (Deficiency) of Receipts and other financing sources over disbursements and other financing uses	(25,672)	25,485	(187)	53,161	53,161
CASH BASIS FUND BALANCE:					
BEGINNING OF YEAR	149,515	40,130	189,645	169,875	169,875
CASH BALANCE FUND BALANCE:					
END OF YEAR	123,843	65,615	189,458	223,036	223,036
Restricted	31,448	39,272	70,720	78,888	78,888
Unassigned	92,395	26,343	118,738	144,148	144,148
Total Cash Basis Fund Balances	123,843	65,615	189,458	223,036	223,036

TOWN OF ARCOLA, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2022

TOWN OF ARCOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2022

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, 2022

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 \$412,493.53, which includes \$ 31,448.19 in certificate of deposits. The bank balances total was \$381,045.34.

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)

<u>OWNERSHIP</u>	<u>TYPE OF INVESTMENT</u>	<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>INVESTMENT COST VALUE</u>
General Fund	Certificate of Deposit	0.01%	02/10/2023	\$9,824.72
General Fund	Certificate of Deposit	0.01%	02/10/2023	\$2,162.75
General Fund	Certificate of Deposit	0.01%	02/19/2023	\$2,153.17
General Fund	Certificate of Deposit	0.01%	02/19/2023	\$2,411.68
General Fund	Certificate of Deposit	0.38%	11/17/2022	<u>\$14,895.87</u>
TOTAL INVESTMENTS				<u>\$31,448.19</u>

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.

TOWN OF ARCOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2022

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, 2022

<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.	107476375	July 1, 2025	\$ 25,000
Ronnie T. Cooper	Alderpersion	Travelers Casualty & Surety Co.	107476376	July 1, 2025	10,000
Elton B. Wilkins	Alderpersion	Travelers Casualty & Surety Co.	107476377	July 1, 2025	10,000
Charles McCoy	Alderpersion	Travelers Casualty & Surety Co.	107713678	July 1, 2025	10,000
Harold R. Winters	Alderpersion	Travelers Casualty & Surety Co.	107476379	July 1, 2025	10,000
Amanda A. Scott	Alderpersion	Travelers Casualty & Surety Co.	107476380	July 1, 2025	10,000
Annette Morris	City Clerk	Travelers Casualty & Surety Co.	105313766	July 12, 2023	50,000
Milton M. Goza, Jr.	Police Chief	Travelers Casualty & Surety Co.	105313766	July 12, 2023	50,000

JOHNSON ACCOUNTING SERVICE
119 Greenridge Drive
Madison, MS 39110
Phone: 662-347-5773
Fax: 601-790-9369

**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, 2022, 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, 2022 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
September 22, 2023

