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TOWN OF STONEWALL, MISSISSIPPI

**SPECIAL REPORT ON AGREED-UPON
PROCEDURES AND
COMPILATION REPORT**

For the fiscal year ended September 30, 2016

TOWN OF STONEWALL, MISSISSIPPI

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Stephen D. Myrick C.P.A., L.L.C.

103 North Archusa Avenue
P. O. Box 540
Quitman, MS 39355

Telephone and Fax: (601) 776-4547
E-Mail: stephenmyrickcpa@bellsouth.net

Member
American Institute of
Certified Public Accountants

Member
Mississippi Society of
Certified Public Accountants

SPECIAL REPORT ON AGREED-UPON PROCEDURES FOR SMALL MUNICIPALITIES (TOWNS)

Honorable Mayor and Members of the Board of Aldermen
Town of Stonewall, Mississippi

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Stonewall, Mississippi, as of September 30, 2016, 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 Stonewall, 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 general ledger accounts and obtained confirmation of the related balances from the banks.

<u>Bank</u>	<u>Fund</u>	<u>Balance Per General Ledger</u>
BankPlus	General Fund	<u>\$ 309,094</u>
BankPlus	Grant Fund	<u>\$ 22,651</u>
BankPlus	Fire Protection Fund	<u>\$ 2,561</u>
BankPlus	Ecomonic Development Fund	<u>\$ 28,096</u>
BankPlus	Water & Sewer Fund	<u>\$ 65,568</u>
BankPlus	Sanitation Fund	<u>\$ 58,579</u>
BankPlus	Clearing Fund	<u>\$ 14,932</u>
BankPlus	Payroll Clearing Fund	<u>\$ 4,156</u>

2. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
 - a. Traced levies to governing body minutes;
 - b. Traced distribution of taxes collected to proper funds; and
 - c. Analyzed increase in taxes for most recent period for completion with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with prescribed tax levies.

Ad valorem tax collections were found to have not exceeded the limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

3. 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>Balance Per General Ledger</u>
Sales Tax Allocation	General Fund	\$ 71,846
Municipal Aid	General Fund	543
Gasoline Taxes	General Fund	3,332
Homestead Exemption	General Fund	16,442
Fire Protection	General Fund	6,978
LLEBG Police Grant	General Fund	3,597
Total		<u>\$ 102,738</u>

4. We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for proper approval and compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code Ann. (1972), as applicable.

The sample consisted of the following:

Number of Sample Items	10
Total Dollar Value of Sample	\$51,033

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

5. We have read the Municipal Compliance Questionnaire completed by the municipality. The responses to the questionnaire do not indicate noncompliance with state requirements.
6. We selected a sample of collection of fines and forfeitures and verified that the municipal court clerk had settled daily with the municipal clerk. We also selected a sample of state-

imposed court assessments collected and determined that the municipal clerk had settled monthly with the Department of Finance and Administration.

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

7. We performed the following procedures with respect to the water and sewer system during the fiscal year:
 - a. We examined the policies and procedures over the water and sewer department regarding billing and collection of fees.
 - b. We selected ten account adjustments to trace to board authorization.
 - c. We examined ten accounts receivable balances to verify proper collection of fees or cutoff due to non-payment.

As a result of these procedures, we found the following:

- a. We found the policies and procedures related to the water and sewer billing system to be insufficient.
- b. We found that only two adjustments could be traced to any type of board authorization. Through discussion with municipal clerk, we found that board authorization is not currently required for account adjustments.
- c. During our procedures on accounts receivable, we observed that only three accounts had been properly collected. The other seven accounts that we selected had been closed. Three of these seven accounts were allowed to have service for over ninety days before the accounts were closed due to non-payment. Finally, one of those seven accounts was also allowed to open a new account without paying their existing overdue bill.

As a result of our procedures, we recommend the following policies be adopted or amended:

- A meter deposit policy should be adopted. This will ensure that an adequate amount is collected from new customers in order to cover any final bill.
- A cutoff policy should be adopted that requires any customer more than thirty days outstanding be locked from usage of the water and sewer system.
- An unlock fee policy should be adopted that will charge a fee to the customer in order to reconnect the customer once the meter has been locked.
- A tampering fee policy should be adopted charging a fee if a delinquent customer tampers with the meter after it has been locked.

- An account adjustment policy should be adopted that requires all account adjustments be approved at the first board meeting of each month for the previous month's activity. The Mayor should have the authority to tentatively approve adjustments subject to the final approval by the Board of Aldermen.

Additionally, this policy should allow for only one adjustment per year for each account, and the policy should also require the customer to provide documentation to the Mayor that the leak has been corrected.

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 Stonewall, Mississippi, for the year ended September 30, 2016.



Stephen D. Myrick
Certified Public Accountant

August 21, 2017
Quitman, Mississippi

Stephen D. Myrick C.P.A., L.L.C.

103 North Archusa Avenue
P. O. Box 540
Quitman, MS 39355

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ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and Members of the Board of Aldermen
Town of Stonewall, Mississippi

Management is responsible for the accompanying Statement of Cash Receipts and Disbursements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Stonewall, Mississippi, as of and for the year ended September 30, 2016, which collectively comprise the Town's basic financial statement, in accordance with accounting principles generally accepted in the United States of America for the cash basis of accounting. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this financial statement.

The financial statements are prepared in accordance with the cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's cash receipts and disbursements. Accordingly, the financial statement is not designed for those who are not informed about such matters.

Town officials of the Town of Stonewall, Mississippi are responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting as required by the Office of the State Auditor and supplementary schedule, and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statement.

Town officials have not presented government-wide financial statements to display the cash basis financial position and changes in cash basis financial position of its governmental activities and business-type activities. Accounting principles generally accepted in the United States of America, as applied to the Town of Stonewall, Mississippi's cash basis accounting, require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements resulting from the cash basis transactions for the Town of Stonewall, Mississippi's governmental activities and business-type activities are not reasonably determinable.

The supplementary information contained in the supplementary section is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement; however, we have not audited or reviewed the supplementary information. Accordingly, we do not express an opinion or any other form of assurance on such supplementary information.

Town officials also have not presented Management's Discussion and Analysis and other required supplementary information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

In accordance with the provisions of Section 21-35-31, Mississippi Code Annotated (1972), we have issued a report dated August 21, 2017, on the results of our agreed-upon procedures.

A handwritten signature in black ink, appearing to read "Stephen D. Myrick".

Stephen D. Myrick
Certified Public Accountant

August 21, 2017
Quitman, Mississippi

TOWN OF STONEWALL, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
For the Year Ended September 30, 2016

	Governmental Activities					Business-type Activities		
	Major Fund					Major Funds		
	General	Grant Fund	Fire Protection Fund	Economic Development Fund	Total	Water and Sewer Sewer Fund	Sanitation Fund	Total
Revenue Receipts								
Taxes:								
General Property Taxes	\$ 198,674	\$ -	\$ -	\$ -	\$ 198,674	\$ -	\$ -	\$ -
Other Taxes	2,152	-	-	-	2,152	-	-	-
Licenses and Permits:								
Privilege Licenses	1,089	-	-	-	1,089	-	-	-
Franchise Charges - Utilities	46,677	-	-	-	46,677	-	-	-
Intergovernmental Receipts:								
Federal Receipts:								
LLEBG Police Grant	3,597	-	-	-	3,597	-	-	-
State Shared Receipts:								
Municipal Aid	543	-	-	-	543	-	-	-
Sales Tax	71,846	-	-	-	71,846	-	-	-
Gasoline Tax	3,332	-	-	-	3,332	-	-	-
Homestead Reimbursement	16,442	-	-	-	16,442	-	-	-
Local Shared Receipts:								
Pro Rata County Road Tax	24,911	-	-	-	24,911	-	-	-
Other County Ad Valorem	869	-	-	-	869	-	-	-
State Insurance Rebates	6,978	-	-	-	6,978	-	-	-
Fire Runs	9,497	-	-	-	9,497	-	-	-
Charges for Services:								
Water Utility Service Fees	-	-	-	-	-	208,917	-	208,917
Sanitation	-	-	-	-	-	-	52,984	52,984
Fines & Forfeitures	38,739	-	-	-	38,739	-	-	-
Interest Earnings	724	120	82	7	933	278	143	421
Rental of Facilities	446	-	-	3,375	3,821	-	-	-
Cemetery Plot Sales	4,000	-	-	-	4,000	-	-	-
Proceeds From the Sale of Capital Assets	3,844	-	-	-	3,844	-	-	-
Debt Proceeds	24,470	-	-	-	24,470	-	-	-
Insurance Proceeds	28,226	-	-	-	28,226	-	-	-
Miscellaneous Receipts	19,350	3	20,023	-	39,376	-	-	-
Total Receipts	506,406	123	20,105	3,382	530,016	209,195	53,127	262,322
Disbursements								
General Government (Executive & Financial)	151,195	-	-	-	151,195	-	-	-
Public Safety:								
Police	139,612	-	-	-	139,612	-	-	-
Fire	17,657	-	5	-	17,662	-	-	-
Highways and Streets	82,495	-	-	-	82,495	-	-	-
Culture and Recreation:								
Parks	7,513	-	-	-	7,513	-	-	-
Libraries	8,004	-	-	-	8,004	-	-	-
Enterprises:								
Water and Sewer Utility	-	-	-	-	-	280,142	-	280,142
Sanitation Utility	-	-	-	-	-	-	47,172	47,172
Redemption of Principal	35,021	-	-	-	35,021	3,890	-	3,890
Debt Service Interest	3,801	-	-	-	3,801	5,020	-	5,020
Capital Outlay	32,743	12,239	71,000	-	115,982	315	-	315
Total Disbursements	478,041	12,239	71,005	-	561,285	289,367	47,172	336,539
Excess (Deficiency) of Receipts and Over Disbursements	28,365	(12,116)	(50,900)	3,382	(31,269)	(80,172)	5,955	(74,217)
Other Financing Sources								
Transfers in	-	-	-	24,000	24,000	-	-	-
Transfers out	-	(24,000)	-	-	(24,000)	-	-	-
Total Other Financing Sources (Uses)	-	(24,000)	-	24,000	-	-	-	-
Excess (Deficiency) of receipts and other financing sources over disbursements and other financing uses	28,365	(36,116)	(50,900)	27,382	(31,269)	(80,172)	5,955	(74,217)
Cash Basis Fund Balance - Beginning of Year	269,273	58,767	54,861	714	383,615	169,663	54,118	223,781
Cash Basis Fund Balance - End of Year	\$ 297,638	\$ 22,651	\$ 3,961	\$ 28,096	\$ 352,346	\$ 89,491	\$ 60,073	\$ 149,564

See accompanying notes and accountant's compilation report.

TOWN OF STONEWALL, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENT
For the Year Ended September 30, 2016

Note A: Summary of Significant Accounting Policies

General Information

The Town of Stonewall, Mississippi operates under the board of alderman form of government and provides services as authorized by law.

Reporting Entity

The financial statement of the Town of Stonewall, Mississippi consists of all the funds of the Town.

Fund Accounting

The accounts of the Town of Stonewall, Mississippi are organized on the basis of funds, each of which is considered a separate accounting entity.

Basis of Accounting

The financial statement is prepared on a cash receipts and disbursements basis as prescribed by the Office of the State Auditor. Consequently, certain revenues are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred.

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.

SUPPLEMENTARY INFORMATION

TOWN OF STONEWALL, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
September 30, 2016

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Glenn Cook	Mayor	Western Surety Company	\$ 50,000
Terrye Tindle	City Clerk	Western Surety Company	50,000
Joyce Bolen	Deputy City Clerk	Western Surety Company	50,000
Jerry Rich	Alderman & Vice Mayor	Western Surety Company	50,000
Ricky Carpenter	Alderman	Western Surety Company	50,000
Stacy Artigue	Alderman	Western Surety Company	50,000
Fred Frey	Alderman	Western Surety Company	50,000
Ferry Adams	Alderman	Western Surety Company	50,000
Michael Street	Chief of Police	Western Surety Company	50,000

TOWN OF STONEWALL, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
For the Fiscal Year Ended September 30, 2016

DEFINITION AND PURPOSE	Balance Outstanding 10/1/2015	Transactions During Fiscal Year			Balance Outstanding 9/30/2016
		Issued	Redeemed	Adjustments	
Capital Leases					
2013 Chevrolet Tahoe	\$ 20,049	\$ -	\$ 6,134	\$ -	\$ 13,915
2014 Rolls Rite Trailer	664	-	664	-	-
2014 Bobcat Excavator	8,201	-	3,226	-	4,975
2015 Dodge Charger	25,261	-	25,261	-	-
2016 Dodge Charger	-	24,470	3,627	-	20,843
Other Loan					
550 Water Meters	-	207,000	12,847	-	194,153
	<u>\$ 54,175</u>	<u>\$ 231,470</u>	<u>\$ 51,759</u>	<u>\$ -</u>	<u>\$ 233,886</u>

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ACCOUNTANTS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Mayor and
Members of the Board of Aldermen
Town of Stonewall, Mississippi

We have compiled the basic financial statements of the Town of Stonewall, Mississippi, as of and for the year ended September 30, 2016, and have issued our report dated August 21, 2017.

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

The results of those procedures and our compilation of the general purpose financial statements disclosed no material instances of noncompliance with state laws and regulations.

This report is intended for the information of the Town's management and the Office of 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.



Stephen D. Myrick
Certified Public Accountant

August 21, 2017
Quitman, Mississippi