



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. 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 HEIDELBERG, MISSISSIPPI
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
SEPTEMBER 30, 2017

RECEIVED

FEB 22 2019

TOWN OF HEIDELBERG, MISSISSIPPI

TABLE OF CONTENTS

September 30, 2017

INDEPENDENT AUDITORS' REPORT	3
STATEMENT OF ACTIVITIES AND NET POSITION-CASH BASIS	5
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES	6
NOTES TO THE FINANCIAL STATEMENTS	8
SCHEDULE OF INVESTMENTS-ALL FUNDS-UNAUDITED	14
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS-UNAUDITED	15
SCHEDULE OF CAPITAL ASSETS, NET	16
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	19
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	21
SCHEDULE OF FINDINGS AND RESPONSES	24

RECEIVED

FEB 22 2019

HERZOG CPA COMPANY, PLLC

Angela T. Herzog, CPA

12 98 Place Boulevard • P.O. Box 17986 • Hattiesburg, Mississippi 39404

Phone 601-271-8860 • Fax 601-271-8921

145 Republic Street • Suite 211 • Madison, Mississippi 39110

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of the Board of Alderpersons
Town of Heidelberg, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major fund of the Town of Heidelberg, Mississippi, as of and for the year ended September 30, 2017, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1, which includes that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in these 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 fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 opinion.

Member of the American Institute of Certified Public Accountants and the Mississippi Society of Certified Public Accountants

RECEIVED

FEB 22 2019

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and the business-type activities, and the major fund of the Town of Heidelberg, Mississippi, as of September 30, 2017, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting as described in Note 1.

OTHER MATTERS

Omission of Required Supplementary Information

Management has omitted the Management's Discussion and Analysis and the Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America required 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 opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

The Schedule of Investments-All Funds and the Schedule of Surety Bonds for Municipal Officials and Employees, for the Town of Heidelberg, Mississippi, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018, on our consideration of the Town of Heidelberg, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Heidelberg, Mississippi's internal control over financial reporting and compliance.

Emphasis of Matter

As discussed in Note 1, the Town of Heidelberg, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted by the United States of America.



Herzog CPA Company, PLLC
December 28, 2018

TOWN OF HEIDELBERG, MISSISSIPPI
Statement of Activities and Net Position-Cash Basis
Governmental and Business-Type Activities
For the Year Ended September 30, 2017

EXHIBIT 1

Function/Programs:	Program Cash Receipts				Governmental Activities	Business- Type Activities	Total
	Cash Disbursements	Charges for Services	Operating Grants	Capital Grants			
Governmental Activities:							
General Government	\$ (209,344)	\$ -	\$ -	\$ -	\$ (209,344)	\$ -	\$ (209,344)
Public Safety	(287,774)	-	4,630	-	(283,144)	-	(283,144)
Public Works	(193,722)	-	-	100,000	(93,722)	-	(93,722)
Culture and Recreation	(22,821)	-	-	-	(22,821)	-	(22,821)
Total Governmental Activities	(713,661)	-	4,630	100,000	(609,031)	-	(609,031)
Business-Type Activities:							
Water, Sewer, and Sanitation	(125,844)	251,906	-	-	-	126,062	126,062
Total Business-Type Activities	(125,844)	251,906	-	-	-	126,062	126,062
Total Functions/Programs	\$ (839,505)	\$ 251,906	\$ 4,630	\$ 100,000	\$ (609,031)	\$ 126,062	\$ (482,969)
General Receipts and Transfers:							
Property Tax					\$ 123,384	\$ -	\$ 123,384
Franchise Tax					36,324	-	36,324
Sales Tax					225,462	-	225,462
Licenses and Permits					1,834	-	1,834
Fines and Forfeitures					15,385	-	15,385
Grants not Restricted to a specific purpose					84,811	-	84,811
Other Revenue					17,668	-	17,668
Interest					7,267	4,960	12,227
Transfers					219,859	(219,859)	-
Total General Revenues					731,994	(214,899)	517,095
Change in Net Position					122,963	(88,837)	34,126
Net Position-Beginning of Year, As Previously Reported					1,123,164	788,645	1,911,809
Prior Period Adjustment					21,854	11,060	32,914
Net Position-Beginning of Year, As Restated					1,145,018	799,705	1,944,723
Net Position-End of Year					\$ 1,267,981	\$ 710,868	\$ 1,978,849

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

TOWN OF HEIDELBERG, MISSISSIPPI
Statement of Cash Receipts, Disbursements, and Changes in Cash
Basis Fund Balances
Governmental and Business-Type Activities
For the Year Ended September 30, 2017

Exhibit 2

	<u>Governmental Activities Major Fund General Fund</u>	<u>Business-Type Activities Water, Sewer, and Sanitation Funds</u>	<u>Totals (Memorandum Only)</u>
<u>Receipts</u>			
General Property Taxes	\$ 123,384	\$ -	\$ 123,384
Licenses and Permits			
Privilege Licenses	1,834	-	1,834
Franchise Charges-Utilities	36,324	-	36,324
Oil Royalties and Severance Tax	70,268	-	70,268
Intergovernmental Revenue			
State Revenues			
Homestead Exemption Reimbursement	4,114	-	4,114
State Shared Revenues			
Sales Taxes	225,462	-	225,462
State Aid	10,429	-	10,429
Capital Grant	100,000	-	100,000
Operating Grant	4,630	-	4,630
<u>Charges for Services</u>			
Sanitation	-	53,119	53,119
Sewer	-	90,086	90,086
Water Utility	-	108,701	108,701
Interest	7,267	4,960	12,227
Fines and Forfeitures	15,385	-	15,385
Miscellaneous Receipts	17,668	-	17,668
Total Receipts	<u>616,765</u>	<u>256,866</u>	<u>873,631</u>

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

RECEIVED

FEB 22 2019

TOWN OF HEIDELBERG, MISSISSIPPI
Statement of Cash Receipts, Disbursements, and Changes in Cash
Basis Fund Balances
Governmental and Business-Type Activities
For the Year Ended September 30, 2017

Page 2
Exhibit 2

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
	<u>Major Fund</u>	<u>Water, Sewer, and</u>	<u>(Memorandum Only)</u>
	<u>General Fund</u>	<u>Sanitation Funds</u>	
<u>Disbursements</u>			
General Government	\$ 209,344	\$ -	\$ 209,344
Public Safety	287,774	-	287,774
Public Works	193,722	-	193,722
Culture and Recreation	22,821	-	22,821
Enterprise: Water, Sewer and Sanitation	-	125,844	125,844
Total Disbursements	<u>713,661</u>	<u>125,844</u>	<u>839,505</u>
Excess(Deficiency) of Receipts Over (Under)			
Disbursements	<u>(96,896)</u>	<u>131,022</u>	<u>34,126</u>
<u>Other Financing Sources (Uses)</u>			
Transfers	<u>219,859</u>	<u>(219,859)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>219,859</u>	<u>(219,859)</u>	<u>-</u>
Excess(Deficiency) of Receipts and			
Other Financing Sources Over (Under)			
Disbursements and Financing Uses	<u>122,963</u>	<u>(88,837)</u>	<u>34,126</u>
Cash Basis Fund Balance-Beginning of Year,			
as Previously Reported	1,123,164	788,645	1,911,809
Prior Period Adjustment	<u>21,854</u>	<u>11,060</u>	<u>32,914</u>
Cash Basis Fund Balance-Beginning of Year,			
as Restated	<u>1,145,018</u>	<u>799,705</u>	<u>1,944,723</u>
Cash Basis Fund Balance-End of Year	<u>\$ 1,267,981</u>	<u>\$ 710,868</u>	<u>\$ 1,978,849</u>

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

RECEIVED
FEB 22 2019

TOWN OF HEIDELBERG, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity.

The Town of Heidelberg, Mississippi, (Town) operates under the Mayor-/alderperson form of government; the following services are provided by the Town: Public Safety (Police, Fire and Protection/Inspection), Public Works, Culture and Recreation, and General Administrative Services.

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

B. Government-wide and Fund Financial Statements.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Town combines the Statement of Activities and Statement of Net Position.

The Statement of Activities demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. *Direct disbursements* are those that are clearly identifiable with a specific function or segment. *Program receipts* include (1) receipts from customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among programs receipts are reported instead as *general receipts*.

Separate financial statements are provided for governmental funds and propriety funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation.

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 cash is collected and disbursements are recorded when cash is spent.

Governmental fund 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 cash is collected. Disbursements are generally recorded when cash is spent.

TOWN OF HEIDELBERG, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation.-continued

The government reports the following major Governmental Fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, 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.

Proprietary Funds

Enterprise Funds- Enterprise Funds are used to account for operations 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.

D. Assets, Net Position and Fund Balances.

1. Cash and Investments.

The government's cash and cash equivalents are considered to be cash on hand or invested in certificates of deposit.

2. Net Position.

Restricted net position-consists of cash with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

3. Fund Balances.

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Town classifies governmental fund balances as follows:

Non-spendable - Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The Town has no fund balance reported in this category.

Restricted - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. The Town has no fund balance reported in this category.

TOWN OF HEIDELBERG, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

D. Assets, Net Position and Fund Balances. continued

Assigned - Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by management other than the highest decision making authority of the Town. The Town has no fund balance reported in this category.

Unassigned - Includes positive fund balance with the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Town uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Town would first use committed, then assigned, and lastly, unassigned amounts of unrestricted fund balance when expenditures are made.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied as of January 1 and payable on or before February 1. Automobile ad valorem taxes are collected by Jasper county and remitted to the Town. The County retains a collection fee. Lien dates for personal and real property are in august. 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 16.94 mills broken down as follows:

General Fund	<u>16.94</u>
--------------	--------------

Restrictions associated with property tax levies are established by state law which provide provides that the tax levy for general purposes shall no more than 110% of the amount which results from those levies' assessments of the previous year. Uncollected taxes were determined to be properly handled.

NOTE 2 - PRIOR PERIOD ADJUSTMENT

Significant adjustments were made to beginning net position as described below:

Statement of Activities and Net Position - Cash Basis and Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances:

Note Receivable Adjustment-Governmental Activities	<u>\$21,854</u>
Interfund Payable Adjustment-Business-Type Activities	<u>\$11,060</u>

RECEIVED
FEB 22 2019

TOWN OF HEIDELBERG, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2017

NOTE 3 - CASH AND CASH EQUIVALENTS

At year-end, the Town's carrying amount of deposits was \$1,943,091 and the bank balance was \$1,965,598. 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 town'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 Deposit Insurance Corporation.

Custodial Credit Risk - Deposits and Investments: Custodial credit risk is defined as the risk that, in the event of a 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 policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on the behalf of the Town. As of September 30, 2017, none of the Town's bank balances of \$1,965,598 was exposed to custodial risk.

Interest Rate Risk: The Town does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e) 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.

NOTE 4 - INVESTMENTS

The Town is allowed, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America or 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, which mature over three months from the end of the fiscal year and are not considered cash or cash equivalents. These investments are reported at cost, which is the fair value.

NOTE 5 - INTERFUND LOANS AND TRANSFERS

Inter-fund transactions and balances during the year were as follows:

<u>Type</u>	<u>To</u>	<u>From</u>	<u>Amount</u>
Transfer	General Fund	Water Fund	\$ 219,859

TOWN OF HEIDELBERG, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2017

NOTE 6 -DEFINED BENEFIT PENSION PLAN

Plan Description: The Town of Heidelberg, 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 information may be obtained by writing to Public Employees' Retirement System, PERS Building, at 429 Mississippi Street, Jackson, MS 39201-1005 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 current rate at September 30, 2017 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The Town's contributions to PERS for the years ended September 30, 2017 and 2016 were \$55,075 and \$55,012 respectively, which is equal to the required contributions for each year.

NOTE 7- NOTE RECEIVABLE

The Town entered into an agreement with Jasper Development, LLC, a Mississippi limited liability company, on June 8, 2010 in which the town issued a promissory note in the amount of \$165,000 principal, plus interest at the annual rate of three percent. The Promissory note is secured by a deed of trust on real estate located in the First Judicial District of Jasper County, Mississippi. The said principal and interest shall be payable in fifteen annual installments of \$11,000 principal each, plus interest (if any is due), with the first annual installment being due on July 15, 2011.

Interest due and payable for the first year will be waived if Jasper Development, LLC begins construction of any building on the lands secured by the deed of trust. Interest due and payable for years two through fifteen can be reduced or even waived if certain job creation target is met. The creation of ten full or part-time jobs will result in a reduction of one percent; the creation of twenty full or part-time jobs will result in a reduction of two percent; the creation of thirty or more full or part-time jobs will result in a full reduction of all interest and no interest payment will be due (principal only). Full time or part-time jobs created does not include construction-related jobs.

The note receivable balance at September 30, 2017 is \$120,945.

NOTE 8-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 in any of the past three fiscal years.

TOWN OF HEIDELBERG, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2017

NOTE 9-SUBSEQUENT EVENTS

Events that occur after the Statement of Financial Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Financial Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Financial Position date require disclosure in the accompanying notes. The Town of Heidelberg has evaluated the activity of the Town through December 28, 2018, and determined that the following subsequent events require disclosure in the notes to the financial statements:

On October 3, 2017, the Town approved a bid in the amount of \$186,109 for the Pine Street Paving Project.

On June 5, 2018, the Town approved the low bid for the purchase of a tractor in the amount of \$91,414 and the purchase of a Nissan Rouge on state contract.

TOWN OF HEIDELBERG, MISSISSIPPI
Schedule 1
Schedule of Investments-All Funds-UNAUDITED
September 30, 2017

<u>OWNERSHIP</u>	<u>TYPE OF INVESTMENT</u>	<u>INTEREST RATE</u>	<u>ACQUISTION DATE</u>	<u>MATURITY DATE</u>	<u>OTHER INFORMATION</u>	<u>INVESTMENT COST/VALUE</u>
General Fund	Certificate of Deposit	0.36%	11/5/2017	11/5/2018	Omni Bank	<u>\$ 847,563</u>
TOTAL GENERAL FUND INVESTMENTS						<u>847,563</u>
Propriety Fund	Certificate of Deposit	0.35%	8/30/2017	8/20/2019	Magnolia State Bank	<u>332,497</u>
TOTAL PROPRIETARY FUND INVESTMENTS						<u>332,497</u>
TOTAL INVESTMENTS						<u>\$ 1,180,060</u>

RECEIVED
FEB 22 2019

TOWN OF HEIDELBERG, MISSISSIPPI
SCHEDULE 2
SCHEDULE OF SURETY BONDS OF MUNICIPAL OFFICIALS-UNAUDITED
For the Year Ended September 30, 2017

Name	Position	Surety	Bond Amount
Wilbert Carr	Mayor	Clyde C. Scott	\$ 25,000
Edwina Sanders	Town Clerk	St. Paul Travelers	50,000
Teresa Harvey	Deputy Court Clerk	St. Paul Travelers	50,000
Sheila Pierce	Alderwoman	Clyde C. Scott	25,000
Bobbie Whitfield	Adlerwoman	Clyde C. Scott	25,000
Milton Jones	Alderman	Clyde C. Scott	25,000
Ezra Thomas	Alderman	Clyde C. Scott	25,000
Robert Barnett	Alderman	Clyde C. Scott	25,000
Huey Powe	Police Chief	St. Paul Travelers	50,000
Prentiss Henley, Jr.	Police Officer	St. Paul Travelers	25,000
Charles Waters	Police Officer	St. Paul Travelers	25,000
Brandon Johnson	Police Officer	St. Paul Travelers	25,000
Cornell White	Police Officer	St. Paul Travelers	25,000
Terrance McGill	Police Officer	St. Paul Travelers	25,000

RECEIVED
FEB 22 2019

TOWN OF HEIDELBERG, MISSISSIPPI
SCHEDULE 3
Schedule of Capital Assets, Net
September 30, 2017

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Governmental Activities:					
<u>Capital Assets Not being Depreciated:</u>					
Land	\$ 170,600	\$ -	\$ -	\$ -	\$ 170,600
Total Capital Assets Not Being Depreciated	170,600	-	-	-	170,600
<u>Capital Assets being Depreciated:</u>					
Buildings	668,064	-	-	-	668,064
Improvements Other Than Buildings	122,309	-	-	-	122,309
Mobile Equipment	948,306	-	-	-	948,306
Other Furniture and Equipment	434,326	-	-	-	434,326
Infrastructure	371,627	-	-	-	371,627
Total Capital Assets Being Depreciated	2,544,632	-	-	-	2,544,632
Less Accumulated Depreciation For:					
Buildings	257,255	17,088	-	-	274,343
Improvements Other Than Buildings	42,119	6,335	-	-	48,454
Mobile Equipment	692,477	35,767	-	-	728,244
Other Furniture and Equipment	350,892	26,686	-	-	377,578
Infrastructure	121,010	18,056	-	-	139,066
Total Accumulated Depreciation	1,463,753	103,932	-	-	1,567,685
Total Capital Assets Being Depreciated, Net	1,080,879	(103,932)	-	-	976,947
Total Governmental Activities Capital Assets, Net	\$ 1,251,479	\$ (103,932)	\$ -	\$ -	\$ 1,147,547

TOWN OF HEIDELBERG, MISSISSIPPI
SCHEDULE 3
Schedule of Capital Assets, Net
September 30, 2017
PAGE 2

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Business-Type Activities:					
<u>Capital Assets Not being Depreciated:</u>					
Land	\$ 2,815	\$ -	\$ -	\$ -	2,815
Construction in Process	206,689	-	-	(206,689)	-
Total Capital Assets Not Being Depreciated	209,504	-	-	(206,689)	2,815
<u>Capital Assets being Depreciated:</u>					
Water and Sewer Lines and Facilities	3,404,393	-	-	206,689	3,611,082
Total Capital Assets Being Depreciated	3,404,393	-	-	206,689	3,611,082
Less Accumulated Depreciation For:					
Water and Sewer Lines and Facilities	2,236,006	69,842	-	-	2,305,848
Total Accumulated Depreciation	2,236,006	69,842	-	-	2,305,848
Total Capital Assets Being Depreciated, Net	1,168,387	(69,842)	-	206,689	1,305,234
Total Business-Type Activities Capital Assets, Net	\$ 1,377,891	\$ (69,842)	\$ -	\$ -	1,308,049

SPECIAL REPORTS

RECEIVED

FEB 22 2019

HERZOG CPA COMPANY, PLLC

Angela T. Herzog, CPA

12 98 Place Boulevard • P.O. Box 17986 • Hattiesburg, Mississippi 39404

Phone 601-271-8860 • Fax 601-271-8921

145 Republic Street • Suite 211 • Madison, Mississippi 39110

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

Honorable Mayor and
Members of the Board of Alderpersons
Heidelberg, 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, business-type activities, and the aggregate remaining fund information of Town of Heidelberg, Mississippi, as of and for the year ended September 30, 2017 which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 28, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Heidelberg, Mississippi's internal control over financial reporting 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 the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 significant deficiencies or material weaknesses 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 over financial reporting that we consider to be material weaknesses.

Member of the American Institute of Certified Public Accountants and the Mississippi Society of Certified Public Accountants

RECEIVED

FEB 22 2019

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 2017-001, 2017-002, 2017-003, 2017-004, and 2017-005 to be material weaknesses.

Compliance and Other Matters

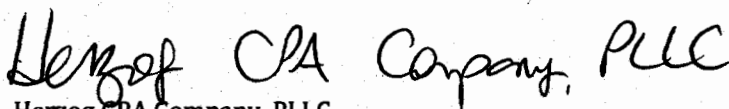
As part of obtaining reasonable assurance about whether the Town of Heidelberg, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Heidelberg's Responses to Findings

Town of Heidelberg, Mississippi's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Town of Heidelberg, Mississippi's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result 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. However, this report is a matter of public record and its distribution is not limited.



Herzog CPA Company, PLLC
December 28, 2018

HERZOG CPA COMPANY, PLLC

Angela T. Herzog, CPA

12 98 Place Boulevard • P.O. Box 17986 • Hattiesburg, Mississippi 39404

Phone 601-271-8860 • Fax 601-271-8921

145 Republic Street • Suite 211 • Madison, Mississippi 39110

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Mayor and
Members of the Board of Alderpersons
Town of Heidelberg, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities and each major fund the aggregate remaining fund information of the Town of Heidelberg, Mississippi, as of and for year ended September 30, 2017, and have issued our report thereon dated December 28, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards prescribed by the Office of the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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. 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.

The results of those procedures 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 a material instance of noncompliance with state laws and regulations. Our finding and recommendation and your response is as follows:

2017-005. Finding

As reported in the prior year, the Town exceeded budgeted expenditures in the general fund in general government, public safety, public works, and culture and recreation. According to Section 21-35-15 of the MS Code Ann. (1972), expenditures shall not exceed budget, measured at the lowest level adopted in the budget.

Recommendation

The Town should closely monitor its budget and amend as deemed appropriate ensuring that actual expenditures do not exceed those budgeted.

Response

The Board of Aldermen now receives a monthly budget to actual report which is monitored for budget overages.

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

This report is intended solely for the information and use of management, town officials 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.

Herzog CPA Company, PLLC

Herzog CPA Company, PLLC
December 28, 2018

Member of the American Institute of Certified Public Accountants and the Mississippi Society of Certified Public Accountants

RECEIVED

FEB 22 2019

SCHEDULE OF FINDINGS AND RESPONSES

RECEIVED

FEB 22 2019

**TOWN OF HEIDELBERG, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Section 1: Summary of Auditors' Results

Financial Statements:

Section 1: Summary of Auditor's Results

1. Type of auditors' report issued on the financial statements:

Governmental Activities
Business-Type Activities

Unmodified
Unmodified

2. Internal Control over financial reporting:

a. Material weakness identified?

Yes

b. Significant deficiencies identified that are not considered to be a material weakness?

None Reported

3. Noncompliance material to the financial statements?

No

RECEIVED

FEB 22 2019

**TOWN OF HEIDELBERG, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Section 2: Financial Statement Findings

2017-001. Finding

Significant Deficiency - Material Weakness

As reported in the prior year, there is a limited accounting staff to properly segregate of 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 verses the benefit of a proper segregation of duties must be weighed.

Response

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

2017-002. Finding

Significant Deficiency - Material Weakness

As reported in the prior year, interfund payables do not balance. In some cases, interfund loans were classified as revenues/expenses causing the accounts to be out of balance.

Recommendation

Interfund payable and receivable accounts should be reconciled each month.

Response

All interfund payables will balance.

**TOWN OF HEIDELBERG, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Section 2: Financial Statement Findings

2017-003. Finding

Significant Deficiency – Material Weakness

As reported in the prior year, one bank account owned by the Town, the grant fund account, was not entered in the general ledger nor reconciled.

Recommendation

All bank accounts owned by the Town should be recorded in the books of the Town and reconciled in a timely manner.

Response

All of the accounts of the Town of Heidelberg will be reconciled.

2017-004. Finding

Significant Deficiency – Material Weakness

As reported in the prior year, employee files do not have proper documentation of eligibility for employment nor withholdings. All files should contain a properly completed I-9 form, employment application, copy of driver's license, or other form of identification as well as W-4 and State withholding forms and retirement forms. Files should also contain approved pay amounts per the board minutes.

Recommendation

All employee files should be updated and all forms properly contained in the personnel files.

Response

All of the employees have been given the proper forms to complete and will be placed in their individual files.

**RECEIVED
FEB 22 2019**

**TOWN OF HEIDELBERG, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Section 2: Financial Statement Findings

2017-005. Finding

Significant Deficiency – Material Weakness

As reported in the prior year, the Town exceeded budgeted expenditures in the general fund in general government, public safety, public works, and culture and recreation. According to Section 21-35-15 of the MS Code Ann. (1972), expenditures shall not exceed budget, measured at the lowest level adopted in the budget.

Recommendation

The Town should closely monitor its budget and amend as deemed appropriate ensuring that actual expenditures do not exceed those budgeted.

Response

The Board of Aldermen now receives a monthly budget to actual report which is monitored for budget overages.