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***Town of Ackerman
45 East Main Street
Ackerman, MS 39735***

Office of the State Auditor
P.O. Box 956
Jackson, Mississippi 39205

Re: Annual Municipal Compilation

Accompanying this letter is a copy of the annual compilation of the Town of Ackerman, Mississippi, for the fiscal year ended September 30, 2018. A separate management letter was not written to the town in connection with this compilation.

Sincerely,



Timothy Cutts
Mayor

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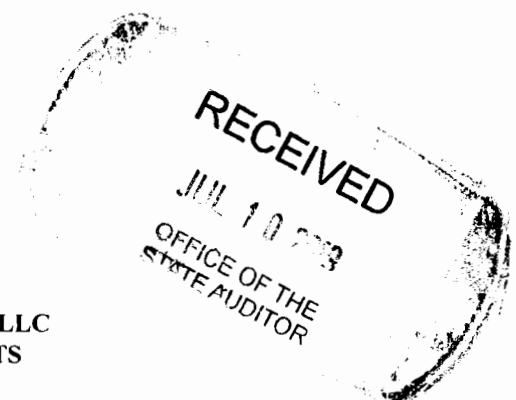
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OFFICE OF THE
STATE AUDITOR

**TOWN OF ACKERMAN, MISSISSIPPI
ACKERMAN, MISSISSIPPI**

**AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

**WATKINS, WARD AND STAFFORD, PLLC
CERTIFIED PUBLIC ACCOUNTANTS**



TOWN OF ACKERMAN, MISSISSIPPI
Audited Financial Statements
September 30, 2018

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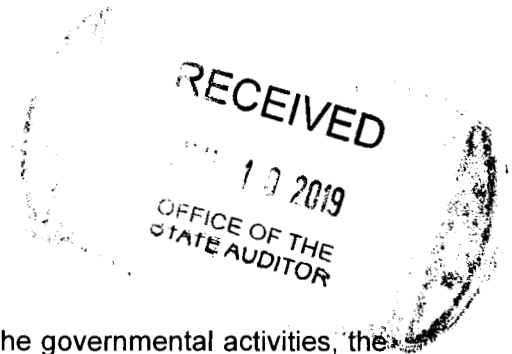
WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA
Harry W. Stevens, CPA
S. Keith Winfield, CPA
William B. Staggars, CPA
Michael W. McCully, CPA
Mort Stroud, CPA
R. Steve Sinclair, CPA
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Wanda S. Holley, CPA
Robin Y. McCormick, CPA/PFS
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Thomas J. Browder, CPA
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John N. Russell, CPA
Thomas A. Davis, CPA
Anita L. Goodrum, CPA
Ricky D. Allen, CPA
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Robert E. Cordle, Jr., CPA
Perry C. Rackley, Jr., CPA
Jerry L. Gammel, CPA
Michael C. Knox, CPA
Clifford P. Stewart, CPA

Independent Auditors' Report

Honorable Mayor and Board of Aldermen
Town of Ackerman
Ackerman, Mississippi



We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ackerman, Mississippi, as of and for the year ended September 30, 2018 and the related notes to financial statements, which collectively comprise the Town's basic financial statements as listed in the 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 described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the 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 the standards applicable to financial audits contained in *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 of 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 auditors consider 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.

Opinion

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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ackerman, Mississippi, as of September 30, 2018 and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to note 1 of the financial statements, which describes that the Town of Ackerman, Mississippi prepares its financial statements 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. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information on page 19 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Ackerman, Mississippi's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information section has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The schedule of investments, schedule of fixed assets, schedule of long-term debt, and schedule of surety bonds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the schedule of investments, schedule of fixed assets, schedule of long-term debt, and schedule of surety bonds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2019 on our consideration of the Town of Ackerman, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of this 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 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 the Town of Ackerman, Mississippi's internal control over financial reporting and compliance.

Ackerman, Mississippi
May 29, 2019

Watkins Ward and Stafford, PLLC

BASIC FINANCIAL STATEMENTS

TOWN OF ACKERMAN, MISSISSIPPI
Statement Net Position – Cash Basis
As of and For the Year Ended September 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ <u>1,956,483</u>	<u>1,139,574</u>	\$ <u>3,096,057</u>
Total assets	\$ <u><u>1,956,483</u></u>	<u><u>1,139,574</u></u>	\$ <u><u>3,096,057</u></u>
Net Position:			
Restricted:			
Restricted for meter deposits	\$ -	16,950	\$ 16,950
Unrestricted	<u>1,956,483</u>	<u>1,122,624</u>	<u>3,079,107</u>
Total net position	\$ <u><u>1,956,483</u></u>	<u><u>1,139,574</u></u>	\$ <u><u>3,096,057</u></u>

The accompanying notes to financial statements are an integral part of these financial statements.

TOWN OF ACKERMAN, MISSISSIPPI
Statement of Activities – Cash Basis
As of and For the Year Ended September 30, 2018

Functions/Programs	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 323,849	6,900	-	-	(316,949)	-	\$ (316,949)
Public safety	342,793	-	-	-	(342,793)	-	(342,793)
Public works	255,134	-	-	-	(255,134)	-	(255,134)
Debt service - principal	50,000	-	-	-	(50,000)	-	(50,000)
Debt service - interest	5,250	-	-	-	(5,250)	-	(5,250)
Total Governmental Activities	977,026	6,900	-	-	(970,126)		(970,126)
Business-Type Activities:							
Water and sewer	397,170	857,206	-	-	-	460,036	460,036
Total Primary Government	\$ 1,374,196	864,106	-	-	(970,126)	460,036	\$ (510,090)
General Receipts:							
Taxes:							
Property taxes					\$ 322,756	-	\$ 322,756
Sales and use taxes					293,635	-	293,635
Franchise taxes					34,358	-	34,358
Other taxes/special assessments						-	-
Court fines and fees					11,046	-	11,046
Unrestricted investment income					6,110	-	6,110
Miscellaneous					215,342	-	215,342
Transfers					247,503	(247,503)	-
Total General Receipts					1,130,750	(247,503)	883,247
Changes in Net Assets					160,624	212,533	373,157
Net Position - Beginning					1,795,859	927,041	2,722,900
Net Position - Ending					\$ 1,956,483	1,139,574	\$ 3,096,057

The accompanying notes to financial statements are an integral part of these financial statements.



TOWN OF ACKERMAN, MISSISSIPPI
Statement of Cash Basis Assets and Fund Balances
As of and For the Year Ended September 30, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES
	General Fund	Water Fund
CASH BASIS ASSETS		
Cash and cash equivalents	\$ <u>1,956,483</u>	\$ <u>1,139,574</u>
Total cash basis assets	\$ <u><u>1,956,483</u></u>	\$ <u><u>1,139,574</u></u>
CASH BASIS FUND BALANCES		
Restricted:		
Restricted for meter deposits	\$ -	\$ 65,752
Unassigned	<u>1,956,483</u>	<u>1,073,822</u>
Total cash basis fund balances	\$ <u><u>1,956,483</u></u>	\$ <u><u>1,139,574</u></u>

The accompanying notes to financial statements are an integral part of these financial statements.

TOWN OF ACKERMAN, MISSISSIPPI
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
As of and For the Year Ended September 30, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES
	General Fund	Water Fund
RECEIPTS		
Property taxes	\$ 322,755	\$ -
Penalties and interest	3,967	-
Licenses and permits	49,531	-
Intergovernmental revenues		
Other Aid	46,744	-
State shared revenues:		
Sales taxes	293,635	-
Motor vehicle tax	93,225	-
Fire protection	8,367	-
Charges for Governmental Services:		
Water and sewer	-	857,206
Cemetery	6,900	-
Fines and forfeitures	11,046	-
Miscellaneous receipts	53,977	-
Total Receipts	<u>890,147</u>	<u>857,206</u>
DISBURSEMENTS		
General government	323,849	-
Public safety	342,793	-
Public works	255,134	-
Water and sewer	-	320,875
Redemption of principal	50,000	58,282
Interest on debt service	5,250	18,013
Total Disbursements	<u>977,026</u>	<u>397,170</u>
Excess of receipts over (under) disbursements	(86,879)	460,036
OTHER CASH SOURCES (USES)		
Interfund loans and transfers	<u>247,503</u>	<u>(247,503)</u>
Net changes in fund balances	160,624	212,533
CASH BASIS FUND BALANCE - Beginning of Year	<u>1,795,859</u>	<u>927,041</u>
CASH BASIS FUND BALANCE - End of Year	<u>\$ 1,956,483</u>	<u>\$ 1,139,574</u>

The accompanying notes to financial statements are an integral part of these financial statements.

TOWN OF ACKERMAN, MISSISSIPPI
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

The Town of Ackerman (Town) operates under the Mayor-Board of Alderpersons form of government and provides services as authorized by law. The Town's population in the year 2018 was 1,510. The accounting policies of the Town conform to the laws of Mississippi for a municipality with a population of less than 3,000. The following is a summary of the more significant policies.

a) Government-wide and Fund Financial Statements

Basic financial statements consist of the following:

- Statement of activities and net position – cash basis
- Statement of cash basis assets and fund balances and cash receipts, disbursements and changes in cash basis fund balances

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. As a general rule, 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 expenses of a given function or segment is offset by program revenues. Direct disbursements are those that are clearly identifiable within 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 program receipts are reported instead as general receipts.

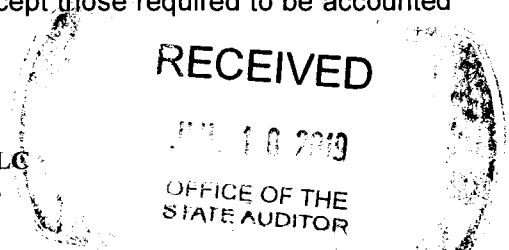
b) Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 collected and expenditures 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 collected and expenditures are reported when cash is spent.

The Town reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all the financial resources and the legally authorized activities of the Town except those required to be accounted for in other specialized funds.



TOWN OF ACKERMAN, MISSISSIPPI
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

b) Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The Town reports the following major proprietary fund:

The Water and Sewer Fund accounts for the activities of providing water and sewer services to citizens of the Town.

Amounts reported as *program receipts* include 1) receipts from customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments.

Internally dedicated resources are reported as *general receipts* rather than as program receipts.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

c) Assets and Net Position or Fund Balance

- 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 - The Town's government-wide and proprietary net position is divided into the following components:

Restricted net position – consist of net position that is restricted by the Town's creditors (for example through debt covenants), by state enabling legislation (through restrictions or shared revenues), by grantors (both Federal and state), and by contributors.

Unrestricted net position – all other net position is reported in this category.

- 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.

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.

TOWN OF ACKERMAN, MISSISSIPPI
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

c) Assets and Net Position or Fund Balance (Continued)

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.

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.

Unassigned – Includes positive fund balance with the General Fund which has not been classified within the abovementioned 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 are 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.

d) Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 15, the Town Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them for the General and Proprietary Funds.
2. Public notice is given of the Town's budget meetings being open to the public, so that a public hearing is conducted on the budget.
3. The budget as submitted is reviewed by the Mayor and Board of Aldermen and necessary revisions are made. Then the budget is approved prior to September 30.
4. The budget is formally revised during July of each year or anytime a deficit is indicated.
5. Budgetary comparisons are employed by management as a management control device during the year for both the General and Proprietary Fund.
6. Appropriations lapse at the end of each fiscal year.

e) Encumbrances

An encumbrance system is not maintained to account for commitments resulting from approved purchase orders, work orders, and contracts.

TOWN OF ACKERMAN, MISSISSIPPI
Notes to Financial Statements

Note 2: Property Taxes

The Town uses the county tax rolls for the assessment of its ad valorem tax. Property is assessed in January of each year and the tax levy is set in September of each year. Property taxes attach as an enforceable lien on property as of January of the next year and are delinquent after February 1.

Note 3: Cash and Cash Equivalents

At the end of the year, the Town's carrying amount of deposits was \$3,096,057 and the bank balance was \$3,107,139. The collateral for public entities' deposits in financial institutions is now 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 entity'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. Custodial credit risk is a 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 policy for custodial credit risk. However, the Mississippi State Treasurer manages that 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 behalf of the Town. As of September 30, 2018, none of the Town's bank balance of \$3,096,057 was exposed to custodial risk.

Investment balances at September 30, 2018 are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Certificate of Deposit	June 2, 2019	\$ 251,900	N/A
Certificate of Deposit	May 11, 2019	565,000	N/A
Certificate of Deposit	April 10, 2019	235,951	N/A
		<u>\$ 1,052,851</u>	

Interest Rate Risk. The city 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.

Credit Risk. State law limits investments to those authorized by Sections 21-33-323, Miss. Code Ann. (1972). The city does not have a formal investment policy that would further limit its investments choices or one that addresses credit risk.

Custodial Credit Risk – Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the city will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The city does not have a formal investment policy that addresses custodial risk. However, the Mississippi State Treasurer manages the risk on behalf of the city. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the city. The city had no investments, other than certificates of deposit, as of September 30, 2018.

TOWN OF ACKERMAN, MISSISSIPPI
Notes to Financial Statements

Note 3: Cash, Cash Equivalents, and Investments (continued)

Concentration of Credit Risk. Disclosure of investments by amount and issuer for any issuer that represents five percent or more total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of September 30, 2018, the city had no investments other than certificates of deposit.

Note 4: Interfund Transfers

Interfund transfers during the year were as follows:

	<u>General Fund</u>	<u>Water and Sewer Fund</u>
Transfers In	\$ 247,503	\$ -
Transfers Out	-	(247,503)
	<u>\$ 247,503</u>	<u>\$ (247,503)</u>

The above interfund transfers resulted from the payment of a general fund note by the water fund.

Note 5: Capital Assets

General Fund:

Capital asset additions, retirements, and balances for the General Fund, for the year ended September 30, 2018 were as follows:

	<u>Balance 09/30/17</u>	<u>Additions & Reclassifications</u>	<u>Retirements & Reclassifications</u>	<u>Balance 09/30/18</u>
Land	\$ 1,345,350	-	-	\$ 1,345,350
Buildings	453,580	-	-	453,580
Equipment	725,048	-	-	725,048
	<u>\$ 2,523,978</u>	<u>-</u>	<u>-</u>	<u>\$ 2,523,978</u>

TOWN OF ACKERMAN, MISSISSIPPI
Notes to Financial Statements

Proprietary Fund:

Capital asset additions, retirements, and balances for the Proprietary Fund, for the year ended September 30, 2018 were as follows:

	Balance 09/30/17	Additions & Reclassifications	Retirements & Reclassifications	Balance 09/30/18
Infrastructure	\$ 1,733,324	-	-	\$ 1,733,324
Machinery and equipment	239,055	-	-	239,055
	<u>\$ 1,972,379</u>	<u>-</u>	<u>-</u>	<u>\$ 1,972,379</u>

Note 6: Bonds Payable

General Fund:

The following is a summary of bond payable transactions of the General Fund for the year ended September 30, 2018:

	Balance 09/30/17	Issued	Retired	Balance 09/30/18
G. O. Public Improvement Bond, Series 1999	\$ 105,000	-	(50,000)	\$ 55,000

The repayment terms are as follows:

	Interest Rate	Payment	Final Maturity
G. O. Public Improvement Bond, Series 1999	5%	Varied annual amounts	2019

Future maturities of General Fund bonds payable are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>
2019	\$ 55,000
Total	<u>\$ 55,000</u>



TOWN OF ACKERMAN, MISSISSIPPI
Notes to Financial Statements

Note 6: Bonds Payable (continued)

Proprietary Fund:

The following is a summary of bond payable transactions of the Proprietary Fund for the year ended September 30, 2018:

	Balance 09/30/17	Issued	Retired	Balance 09/30/18
USDA Revenue Bond #9220	\$ 405,838	-	(11,802)	\$ 394,036
	<u>\$ 405,838</u>	<u>-</u>	<u>(11,802)</u>	<u>\$ 394,036</u>

The repayment terms are as follows:

	Interest Rate	Payment	Final Maturity
USDA Revenue Bond #9220	2.75%	\$21,892/Annually	2036

Future maturities of the Proprietary bonds payable are as follows:

Year Ended September 30,	Principal
2019	\$ 11,055
2020	11,360
2021	11,672
2022	11,993
2023	12,323
Thereafter	335,633
Total	<u>\$ 394,036</u>

Note 7: Notes Payable

Proprietary Fund:

The following is a summary of notes payable transactions of the Proprietary Fund for the year ended September 30, 2018:

	Balance 09/30/17	Issued	Retired	Balance 9/30/2018
CAP Loan 102-CP-01 50335	\$ 31,665	-	(5,992)	\$ 25,673
CAP Loan 3-102-CP-01 50419	67,895		(22,048)	45,847
CAP Loan 3-102-CP-01 50752	387,347	-	(16,440)	370,907
	<u>\$ 486,907</u>	<u>-</u>	<u>(44,480)</u>	<u>\$ 442,427</u>

TOWN OF ACKERMAN, MISSISSIPPI
Notes to Financial Statements

Note 7: Notes Payable (continued)

The repayment terms are as follows:

	Interest Rate	Payment	Final Maturity
CAP Loan 102-CP-01 50335	2%	\$1,936 per month	2021
CAP Loan 3-102-CP-01 50419	3%	\$574 per month	2022
CAP Loan 3-102-CP-01 50752	2%	\$2,023 per month	2036

Future maturities are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>
2019	\$ 46,406
2020	47,342
2021	25,295
2022	24,415
2023	18,902
Thereafter	280,067
Total	<u>\$ 442,427</u>

Note 8: Economic Dependency

The Town is a rural community located in North Mississippi. It is dependent on ad valorem taxes and user fees from its residents to remain viable.

Note 9: Defined Benefit Pension Plan

Plan Description – The Town of Ackerman, 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 report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, Mississippi 39201, or by calling (601) 349-3589 or 1-800-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 rate at September 30, 2018 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The Town of Ackerman, Mississippi's contributions to PERS for the fiscal years ended September 30, 2018, 2017, and 2016 were \$90,318, \$89,996, and \$89,945, respectively, which equaled the required contribution.

TOWN OF ACKERMAN, MISSISSIPPI
Notes to Financial Statements

Note 9: Defined Benefit Pension Plan (continued)

Pension Liability – At September 30, 2018, the Town had a liability of \$148,732 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of its long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2018, the Town's proportion was 0.008942 percent.

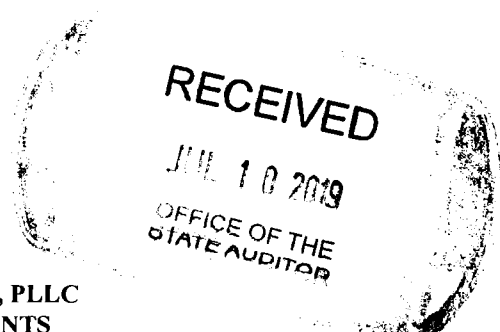
Note 10: Risk Management

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 purchases coverage of risks of loss related to theft of, damage to and destruction of assets from commercial insurance carriers.

Risk of loss related to workers' compensation for injuries to Town employees is covered through the Mississippi Municipal Workers' Compensation Group, a public entity risk pool. The pool was formed on March 28, 1989, by the Mississippi Nonprofit Corporation Act, pursuant to Section 71-3-75, Mississippi Code Annotated (1972), to provide public entities within the State of Mississippi workers' compensation and employers' liability coverage. The Town pays premiums to the pool for its workers' compensation insurance coverage based on total payroll. The participation agreement provides that the pool will be self-sustaining through member premiums. The risk of loss is remote for claims exceeding the pool's retention liability. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims but for which none have been reported are considered. For insured programs, there have been no significant reductions in insurance coverage.

Note 11: Subsequent Events

Events that occur after the Statement of Activities and Net 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 Activities and Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Activities and Net Position date require disclosure in the accompanying notes. Management of the Town evaluated the activity of the Town through May 29, 2019 the date the financial statements were approved by the Town's management and thereby available to be released, and were aware of no subsequent events have occurred requiring disclosure in the notes to the financial statements.



OTHER SUPPLEMENTARY INFORMATION

TOWN OF ACKERMAN, MISSISSIPPI
Budgetary Comparison Schedule – Budget and Actual
General Fund
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Property taxes	\$ 320,000	320,000	322,755	\$ 2,755
Penalties and interest	2,000	2,000	3,967	1,967
Licenses and permits	46,100	46,100	49,531	3,431
Intergovernmental revenues	373,300	373,300	441,971	68,671
Charges for Governmental Services	-	-	6,900	6,900
Fines and forfeitures	25,000	25,000	11,046	(13,954)
Miscellaneous revenues	52,550	52,550	53,977	1,427
Total Receipts	<u>818,950</u>	<u>818,950</u>	<u>890,147</u>	<u>71,197</u>
DISBURSEMENTS				
General government	369,023	369,023	379,099	(10,076)
Public safety	334,125	334,125	342,793	(8,668)
Public works	350,960	350,960	255,134	95,826
Total Disbursements	<u>1,054,108</u>	<u>1,054,108</u>	<u>977,026</u>	<u>77,082</u>
Excess of receipts over (under) disbursements	(235,158)	(235,158)	(86,879)	148,279
OTHER CASH SOURCES (USES)				
Interfund loans and transfers	235,158	235,158	247,503	12,345
Total other cash sources (uses)	<u>235,158</u>	<u>235,158</u>	<u>247,503</u>	<u>12,345</u>
Net changes in fund balances	-	-	160,624	160,624
CASH BASIS FUND BALANCE - Beginning of Year	<u>1,740,971</u>	<u>1,740,971</u>	<u>1,795,859</u>	<u>54,888</u>
CASH BASIS FUND BALANCE - End of Year	<u>\$ 1,740,971</u>	<u>1,740,971</u>	<u>1,956,483</u>	<u>\$ 215,512</u>

See accompanying notes to required supplementary information.

TOWN OF ACKERMAN, MISSISSIPPI
Notes to Required Supplementary Information

Note 1: Budgetary Information

Statutory requirements dictate how and when the Town's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Aldermen of the Town, using historical and anticipated fiscal data and proposed budgets submitted by the various departments, prepares an original budget for the General Fund for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the encumbered cash and investment balances. During the fiscal year when it appears to the Board of Aldermen that budgetary estimates will not be met, the Board may make revisions to the budget.

The Town's budget is prepared on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

Note 2: Basis of Presentation

The Budgetary Comparison Schedule – Budget and Actual presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund. The Budgetary Comparison Schedule – Budget and Actual is a part of required supplementary information.

Note 3: Budget Reconciliation

As discussed in Note 1, the financial statements are prepared on the basis of cash receipts and disbursements which is the same as the basis used for budget preparation.

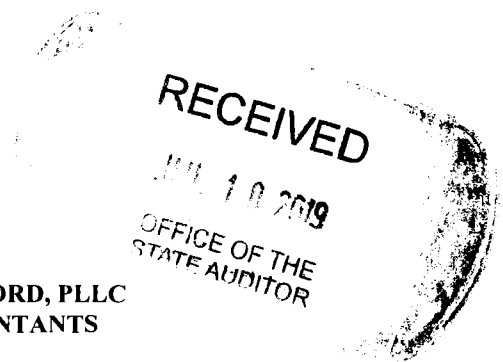
SUPPLEMENTARY INFORMATION

TOWN OF ACKERMAN, MISSISSIPPI
Schedule of Investments – All Funds
September 30, 2018

	<u>Deposit Amount</u>
Certificate of Deposit with Bank of Kilmichael, rate 0.50%	\$ 251,900
Certificate of Deposit with Bank of Kilmichael, rate 0.50%	565,000
Certificate of Deposit with Renasant Bank, rate 0.50%	<u>235,951</u>
 Total	 \$ <u>1,052,851</u>

Fund Recap:

General Fund	\$ 523,664
Water and Sewer Fund	<u>529,187</u>
 Total	 \$ <u>1,052,851</u>



TOWN OF ACKERMAN, MISSISSIPPI
Schedule of Fixed Assets
September 30, 2018

General Fund:

	Balance 09/30/17	Additions & Reclassifications	Retirements & Reclassifications	Balance 09/30/18
Land	\$ 1,345,350	-	-	\$ 1,345,350
Buildings	453,580	-	-	453,580
Equipment	725,048	-	-	725,048
	<u>\$ 2,523,978</u>	<u>-</u>	<u>-</u>	<u>\$ 2,523,978</u>

Proprietary Fund:

	Balance 09/30/17	Additions & Reclassifications	Retirements & Reclassifications	Balance 09/30/18
Infrastructure	\$ 1,733,324	-	-	\$ 1,733,324
Machinery and equipment	239,055	-	-	239,055
	<u>\$ 1,972,379</u>	<u>-</u>	<u>-</u>	<u>\$ 1,972,379</u>

TOWN OF ACKERMAN, MISSISSIPPI
Schedule of Long-Term Debt
September 30, 2018

	Balance 9/30/2017	Additions	Retirements	Balance 09/30/18
Bonds Payable:				
G. O. Public Improvemnet Bond, Series 1999	\$ 105,000	-	(50,000)	\$ 55,000
USDA Revenue Bond #9220	405,838	-	(11,802)	394,036
Total Bonds Payable	<u>\$ 510,838</u>	<u>-</u>	<u>(61,802)</u>	<u>\$ 449,036</u>

Notes Payable:

CAP Loan 102-CP-01 50335	\$ 31,665	-	(5,992)	\$ 25,673
CAP Loan 3-102-CP-01 50419	67,895	-	(22,048)	45,847
CAP Loan 3-102-CP-01 50752	387,347	-	(16,440)	370,907
Total Notes Payable	<u>\$ 486,907</u>	<u>-</u>	<u>(44,480)</u>	<u>\$ 442,427</u>

TOWN OF ACKERMAN, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
September 30, 2018

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Debbie Boley	Town Clerk	Travelers	\$ 50,000
Timothy Cutts	Mayor	MS Municipal Bond	50,000
Carl Phelps	Alderman	MS Municipal Bond	50,000
Felecia Miller Baber	Alderman	MS Municipal Bond	50,000
Tommy Curtis	Alderman	MS Municipal Bond	50,000
William Taylor	Alderman	MS Municipal Bond	50,000
William Ganann	Alderman	MS Municipal Bond	50,000
Tonya Woods	Court Clerk	Travelers	50,000
Brandi Whitman	Deputy Clerk	Travelers	50,000
Tim Cook	Police	Travelers	50,000
Martha Caradine	Police	Travelers	50,000
Justin Livingston	Police	Travelers	50,000
Jeremy Lathem	Police	Travelers	50,000
Amanda Vance	Police	Travelers	50,000

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SPECIAL REPORTS



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

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Robert E. Cordle, Jr., CPA
Perry C. Rackley, Jr., CPA
Jerry L. Gammel, CPA
Michael C. Knox, CPA
Clifford P. Stewart, CPA

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Honorable Mayor and Board of Aldermen
Town of Ackerman
Ackerman, Mississippi

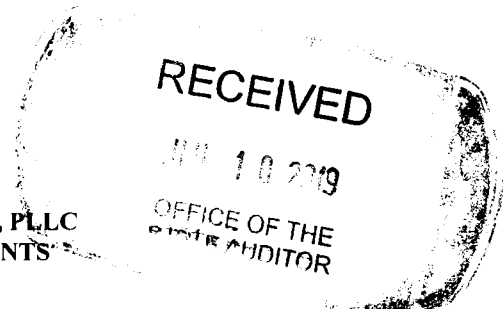
We have audited, in accordance with the auditing standards generally accepted in the United States of America as described in Note 1 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ackerman, Mississippi as of and for the year ended September 30, 2018 and the related notes to financial statements, which collectively comprise the Town of Ackerman, Mississippi's basic financial statements and have issued our report thereon dated May 29, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Ackerman, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Town of Ackerman, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Ackerman, Mississippi's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Ackerman, 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 that is required to be reported under *Government Auditing Standards*.

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 results 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.

Kosciusko, Mississippi
May 29, 2019

Watkins Ward and Stafford, PLLC



WATKINS, WARD and STAFFORD
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Certified Public Accountants

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**Independent Auditors' Report on Compliance
With State Laws and Regulations**

Honorable Mayor and Board of Aldermen
Town of Ackerman
Ackerman, Mississippi

We have audited the cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ackerman Mississippi, as of and for the year ended September 30, 2018, which collectively comprise the Town of Ackerman Mississippi's basic financial statements and have issued our report thereon dated May 29, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America as described in Note 1.

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. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information disclosed no material instances of noncompliance with state laws and regulations.

This report is intended for the information of the Town of Ackerman Mississippi's 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.

Kosciusko, Mississippi
May 29, 2019

Watkins Ward and Stafford, PLLC

Town of Ackerman, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2018

Section 1: Summary of Auditors' Results

Financial Statements

- | | | |
|----|---|---------------|
| 1. | Type of auditors' report issued on the primary government financial statements: | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. | Noncompliance material to the financial statements? | No |

