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FINANCIAL REPORT
TOWN OF GATTMAN

Gattman, Mississippi

September 30, 2018

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CONTENTS

	PAGE
Accountants' Compilation Report	3
Financial Statements:	
Statement of Cash Receipts and Disbursements Governmental and Business-Type Activities ...	5
Supplemental Information:	
Schedule of Investments.....	8
Schedule of Long Term Debt.....	9
Schedule of Surety Bonds	10
State Auditor Compliance:	
Report on Compliance with State Laws and Regulations	12
Independent Accountants' Report on Applying Agreed-Upon Procedures	13

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204 South Main Street • P.O. Box 64
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ACCOUNTANTS' COMPILATION REPORT

To the Mayor and the Board of Alderpersons
Town of Gattman
Gattman, Mississippi

Management is responsible for the accompanying statement of cash receipts and disbursements of the governmental and business-type activities of the Town of Gattman, Mississippi for the year ended September 30, 2018. 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 statements nor were we required to perform any procedures to verify 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 these financial statements.

The supplementary information contained on pages 7-10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

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's cash basis of accounting, require the presentation of government-wide financial statements. The amounts that would be reported in the government-wide financial statements resulting from the cash basis transactions for the Town's governmental activities and business-type activities are not reasonably determinable.

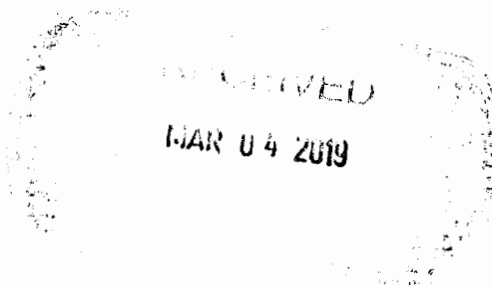
Town officials have also elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the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

Town officials have also omitted Management's Discussion and Analysis and other required supplementary information that is required to be presented for purposes of additional analysis. 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.

In accordance with the provisions of section 21-35-31, Mississippi Code Annotated (1972), we have issued a report dated February 1, 2019, on the results of our agreed upon procedures.

Nail McKinney Professional Association

Amory, Mississippi
February 1, 2019



TOWN OF GATTMAN, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

For the year ended September 30, 2018

(SEE ACCOUNTANTS' COMPILATION REPORT)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Major Funds</u>			
	General		Water	
	<u>Fund</u>	<u>Total</u>	<u>Fund</u>	<u>Total</u>
Receipts:				
General property taxes	\$ 2,333	\$ 2,333	\$ -	\$ -
Payments in Lieu of taxes	625	625	-	-
Licenses and permits:				
Privilege licenses	-	-	-	-
Utility franchise charges	1,736	1,736	-	-
Intergovernmental revenues:				
State grants:				
General municipal aid	45	45	-	-
Homestead exemption reimbursement	89	89	-	-
State shared revenues:				
Sales tax	2,012	2,012	-	-
Gasoline tax	264	264	-	-
County shared revenues:				
Fire allocation	514	514	-	-
Rail car fee	1,407	1,407	-	-
Charges for services:				
Water and tap fees	-	-	153,896	153,896
Other receipts:				
USDA grant	-	-	-	-
Interest	-	-	1	1
Rent	875	875	-	-
Miscellaneous	485	485	-	-
Total receipts	<u>10,385</u>	<u>10,385</u>	<u>153,897</u>	<u>153,897</u>
Disbursements:				
General government	12,648	12,648	-	-
Public safety	538	538	-	-
Enterprise:				
Water	-	-	141,125	141,125
Redemption of principal	-	-	6,175	6,175

TOWN OF GATTMAN, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

For the year ended September 30, 2018

(SEE ACCOUNTANTS' COMPILATION REPORT)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Major Funds</u>			
	General		Water	
	<u>Fund</u>	<u>Total</u>	<u>Fund</u>	<u>Total</u>
Debt service interest	\$ -	\$ -	\$ 8,212	\$ 8,212
Total disbursements	<u>13,186</u>	<u>13,186</u>	<u>155,512</u>	<u>155,512</u>
Other financing sources (uses):				
Proceeds from sale of equipment	-	-	-	-
Transfers in (out)	<u>2,042</u>	<u>2,042</u>	<u>(2,042)</u>	<u>(2,042)</u>
Total other financing sources (uses)	<u>2,042</u>	<u>2,042</u>	<u>(2,042)</u>	<u>(2,042)</u>
Excess (Deficiency) of receipts and other financing sources over disbursements and other financing uses	(759)	(759)	(3,657)	(3,657)
Cash basis fund balance-beginning	<u>1,108</u>	<u>1,108</u>	<u>17,881</u>	<u>17,881</u>
Cash basis fund balance-ending	<u>\$ 349</u>	<u>\$ 349</u>	<u>\$ 14,224</u>	<u>\$ 14,224</u>

SUPPLEMENTARY INFORMATION

**TOWN OF GATTMAN, MISSISSIPPI
SCHEDULE OF INVESTMENTS
September 30, 2018**

(SEE ACCOUNTANTS' COMPILATION REPORT)

NO INVESTMENTS

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**TOWN OF GATTMAN, MISSISSIPPI
SCHEDULE OF LONG TERM DEBT
For the year ended September 30, 2018**

(SEE ACCOUNTANTS' COMPILATION REPORT)

	Balance Outstanding October 1, 2017	Transactions During Fiscal Year		Balance Outstanding September 30, 2018
		Issued	Redeemed	
DEFINITION AND PURPOSE				
Note payable-United States Department of Agriculture-Water system improvements	\$ 276,616	\$ -	\$ 6,175	\$ 270,441
	<u>\$ 276,616</u>	<u>\$ -</u>	<u>\$ 6,175</u>	<u>\$ 270,441</u>

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TOWN OF GATTMAN, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
For the year ended September 30, 2018

(SEE ACCOUNTANTS' COMPILATION REPORT)

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Anthony W. Downey	Mayor	Travelers	\$ 25,000
Elizabeth McKay	Alderman	Travelers	\$ 10,000
John Woodham	Alderman	Travelers	\$ 10,000
Jerry Blaylock	Alderman	Travelers	\$ 10,000
Virginia Kilburn	Municipal Clerk	Travelers	\$ 50,000
Max Dove	Water Operator	Travelers	\$ 50,000

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STATE AUDITOR COMPLIANCE

Page 10 of 10



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REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

To the Mayor and the Board of Alderpersons
Town of Gattman, Mississippi

We have compiled the accompanying statement of cash receipts and disbursements-governmental and business-type activities, schedule of investments, schedule of long term debt, and schedule of surety bonds for town officials of the Town of Gattman, Mississippi, for the year ended September 30, 2018, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statement has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

We have performed procedures to test compliance with certain state laws and regulations as described by the Municipal Compliance Questionnaire that is prescribed by the office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the town's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures and our compilation of the accompanying statement of cash receipts and disbursements-governmental and business-type activities, schedule of investments, schedule of long term debt, and schedule of surety bonds for town officials of the Town of Gattman, Mississippi, for the year ended September 30, 2018, disclosed three instances of noncompliance with the state laws and regulations which is noted in item 7 in the Independent Accountants' Report on Applying Agreed-Upon Procedures.

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

Nail McKinney Professional Association

Amory, Mississippi
February 1, 2019

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**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES**

Mayor and Board of Alderpersons
Town of Gattman, Mississippi
Gattman, Mississippi

We have performed the procedures enumerated below to the accounting records of the Town of Gattman, Mississippi, as of September 30, 2018, 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). The procedures, which were agreed to by Town officials, were performed to assist the Town officials in evaluating the Town's compliance with specified requirements. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. 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:

Bank	Fund	Balance per General Ledger
Renasant Bank	General	\$ 349
Renasant Bank	Water	3,169
Renasant Bank	Water	11,055
		<u>\$ 14,573</u>

2. There were no investment securities owned by the town as of September 30, 2018; nor were there any investment security transactions during the year ended September 30, 2018. Accordingly, the agreed-upon procedure to physically examine securities held for investment, confirm securities held in trust, and examine securities transactions for compliance with Section 21-33-323, Miss. Code Ann. (1972) was not applicable as of and for the fiscal year ended September 30, 2018.
3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year.
 - a. Verified use of certified county assessment rolls and traced levies to governing body of minutes;

- b. Traced distribution of taxes collected to proper funds; and
- c. Analyzed increase in taxes for most recent period for compliance 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 be within the limitations of section 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

There were no ad valorem tax collections for the retirement of general obligation debt.

4. We obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated were traced to deposit in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>Ledger Amount</u>
Sales Tax Allocation	General Fund	\$ 2,012
TVA payments in lieu of taxes	General Fund	625
Fire Protection Allocation	General Fund	514
Gasoline Tax	General Fund	264
Homestead Exemption Reimbursement	General Fund	89
General Municipal Aid	General Fund	45

5. We examined all purchases made during the year in the general fund. We selected a sample of purchases made in the water enterprise fund.

The sample consisted of the following:

Number of sample items	60
Total dollar value of sample	\$ 25,781

Each item tested was evaluated for compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code Ann. (1972) as applicable. We found the municipality's purchasing procedures to be in agreement with the requirements of the above mentioned sections.

6. The Town of Gattman, Mississippi does not currently have a court system in place. Therefore, the collection of fines and timely settlement to the State of Mississippi does not apply to the Town of Gattman, Mississippi.
7. We have read the Municipal Compliance Questionnaire completed by the municipality. The completed survey indicated three instances of noncompliance with state requirements.
 - a. The monthly report of expenditures submitted to the board does not compare the expenditures against the budget or the unexpended balances of each budget item.
 - b. The Town has not completed an annual inventory of its assets in accordance with guidelines established by the Office of the State Auditor.

- c. The Town has not adopted and entered on its minutes a budget in the format prescribed by the Office of the State Auditor.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion, and, accordingly we do not express an opinion on the Town's compliance with specified requirements or 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, other 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 Gattman, Mississippi, for the year ended September 30, 2018.

This report is intended solely for the information and use of the governing body of the Town of Gattman, Mississippi and the Mississippi Office of the State Auditor and is not intended to be and should not be used by anyone other than those parties.

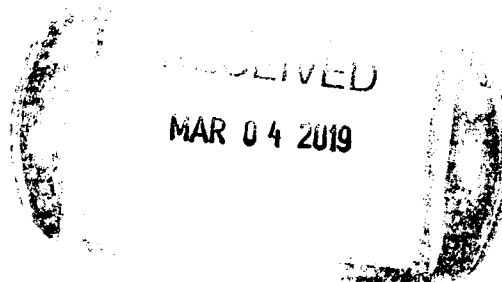
Nail McKinney Professional Association

Amory, Mississippi
February 1, 2019

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FINANCIAL REPORT
TOWN OF GATTMAN, MISSISSIPPI
WATER DEPARTMENT

September 30, 2018

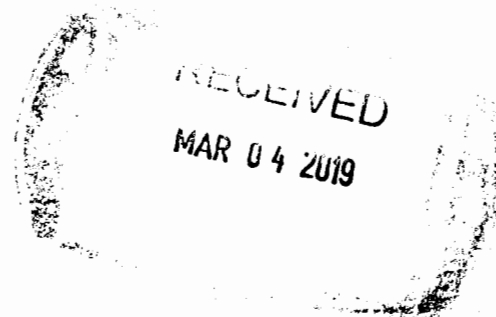


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Table of Contents

	Page
Accountants' Compilation Report	3
Financial Statements:	
Balance Sheets	4
Statements of Revenues, Expenses, and Changes in Net Position	5

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Accountants' Compilation Report

Mayor and Board of Aldermen
Town of Gattman, Mississippi

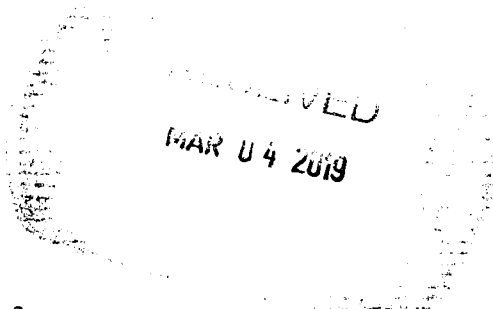
Management is responsible for the accompanying financial statements of Gattman Water Department (an enterprise fund of the Town of Gattman), which comprise the balance sheets as of September 30, 2018 and 2017, and the related statements of revenues, expenses, and changes in net position for the years then ended in accordance with accounting principles generally accepted in the United States of America. 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 statements 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 these financial statements.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Department's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The financial statements present only the Gattman Water Department and do not purport to, and do not present the financial position of the Town of Gattman as of September 30, 2018 and 2017, or the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Nail McKinney Professional Association

January 2, 2019
Amory, Mississippi



Balance Sheets

**TOWN OF GATTMAN, MISSISSIPPI
WATER DEPARTMENT**

September 30, 2018 and 2017

(SEE ACCOUNTANTS' COMPILATION REPORT)

Assets	<u>2018</u>	<u>2017</u>
Utility Plant, At Cost		
In service:		
Production, transmission, and distribution	\$ 1,166,805	\$ 1,166,805
General	81,902	81,902
	<u>1,248,707</u>	<u>1,248,707</u>
Less: Accumulated depreciation	634,715	606,728
Utility plant, net	<u>613,992</u>	<u>641,979</u>
Current Assets		
Cash	14,224	17,881
Accounts receivable	<u>11,127</u>	<u>12,394</u>
Total current assets	<u>25,351</u>	<u>30,275</u>
Total assets	<u>\$ 639,343</u>	<u>\$ 672,254</u>
Net Position and Liabilities		
Net Position		
Invested in capital assets, net of related debt	\$ 343,551	\$ 365,363
Unrestricted	<u>9,684</u>	<u>17,640</u>
Total net position	<u>353,235</u>	<u>383,003</u>
Noncurrent Liabilities		
Long-term debt	<u>264,079</u>	<u>270,442</u>
Current Liabilities		
Current maturities of long-term debt	6,362	6,174
Accounts payable and accrued expenses	7,562	4,930
Customer refundable deposits	<u>8,105</u>	<u>7,705</u>
Total current liabilities	<u>22,029</u>	<u>18,809</u>
Total net position and liabilities	<u>\$ 639,343</u>	<u>\$ 672,254</u>

Statements of Revenues, Expenses, and Changes in Net Position

**TOWN OF GATTMAN, MISSISSIPPI
WATER DEPARTMENT**

Years ended September 30, 2018 and 2017

(SEE ACCOUNTANTS' COMPILATION REPORT)

	<u>2018</u>	<u>2017</u>
Operating revenue	\$ 152,229	\$ 150,245
Operating expenses:		
Salaries	65,443	68,738
Payroll taxes	5,590	4,143
Office expenses	2,536	2,490
Legal advertisements	250	125
Dues and subscriptions	730	913
Supplies	1,281	940
Legal and accounting	3,000	4,100
Insurance	6,361	4,649
Ground maintenance	599	-
Employee mileage	8,526	6,816
Utilities	19,207	16,466
Repairs and maintenance	25,412	12,488
Depreciation	27,987	30,990
Miscellaneous	1,695	1,264
Fire protection	-	616
Taxes and licenses	1,887	110
Travel	<u>1,240</u>	<u>793</u>
Total operating expenses	<u>171,744</u>	<u>155,641</u>
Operating loss	<u>(19,515)</u>	<u>(5,396)</u>
Nonoperating revenues (expenses):		
Other income	-	775
Interest income	1	1
Interest expense	(8,212)	(8,394)
Transfers to City General Fund	<u>(2,042)</u>	<u>(4,128)</u>
Total nonoperating revenues (expenses)	<u>(10,253)</u>	<u>(11,746)</u>
Net loss	<u>(29,768)</u>	<u>(17,142)</u>
Total net position - beginning of year	<u>383,003</u>	<u>400,145</u>
Total net position - ending	\$ <u>353,235</u>	\$ <u>383,003</u>

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