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

**AUDITED FINANCIAL STATEMENT  
SEPTEMBER 30, 2019**

TOWN OF ACKERMAN, MISSISSIPPI  
Audited Financial Statement  
September 30, 2019

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

James L. Stafford, CPA	Stephen D. Flake, CPA
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Susan M. Lummus, CPA	Edward A. Maxwell, CPA
Thomas J. Browder, CPA	

## **Independent Auditors' Report**

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

We have audited the accompanying Combined Statement of Cash Receipts and Disbursements of the Town of Ackerman, Mississippi, as of and for the year ended September 30, 2019, and the related notes to financial statement, as listed in the contents.

### **Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1 of the financial statement; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement 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 statement that is free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Town of Ackerman, Mississippi's preparation and fair presentation of the financial statement 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 Town'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 statement.

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 statement referred to above presents fairly, in all material respects, the respective results of operations – cash basis of the governmental funds and the proprietary fund of the Town of Ackerman, Mississippi for the year ended September 30, 2019, in accordance with the cash basis of accounting described in Note 1 of the financial statement.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a 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**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the Combined Statement of Cash Receipts and Disbursements of the Town of Ackerman, Mississippi. The schedule of investments, schedule of fixed assets, schedule of long-term debt, and schedule of surety bonds for municipal officials are presented for purposes of additional analysis and are not a required part of the Combined Statement of Cash Receipts and Disbursements.

The schedule of investments, schedule of fixed assets, schedule of long-term debt, and schedule of surety bonds for municipal officials are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the Combined Statement of Cash Receipts and Disbursements. Such information has been subjected to the auditing procedures applied in the audit of the Combined Statement of Cash Receipts and Disbursements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Combined Statement of Cash Receipts and Disbursements or to the Combined Statement of Cash Receipts and Disbursements itself, 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 for municipal officials are fairly stated, in all material respects, in relation to the Combined Statement of Cash Receipts and Disbursements.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2020 on our consideration of the Town of Ackerman, Mississippi's internal control over financial reporting and on 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  
August 11, 2020

*Watkins Ward and Stafford, P.C.*

## BASIC FINANCIAL STATEMENT

TOWN OF ACKERMAN, MISSISSIPPI  
Combined Statement of Cash Receipts and Disbursements  
As of and For the Year Ended September 30, 2019

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES
	General Fund	Water Fund
<b>RECEIPTS</b>		
Property taxes	\$ 332,446	\$ -
Penalties and interest	3,729	-
Licenses and permits	44,704	-
Intergovernmental revenues		
Other Aid	49,114	-
State shared revenues:		
Sales taxes	291,691	-
Motor vehicle tax	92,414	-
Fire protection	8,660	-
Charges for Governmental Services:		
Water and sewer	-	743,987
Cemetery	5,750	-
Fines and forfeitures	17,673	-
Miscellaneous receipts	39,637	-
Total Receipts	<u>885,818</u>	<u>743,987</u>
<b>DISBURSEMENTS</b>		
General government	301,410	-
Public safety	400,907	-
Public works	290,568	-
Water and sewer	-	386,359
Redemption of principal	55,000	62,875
Interest on debt service	2,750	14,503
Total Disbursements	<u>1,050,635</u>	<u>463,737</u>
Excess of receipts over (under) disbursements	( 164,817)	280,250
<b>OTHER CASH SOURCES (USES)</b>		
Interfund loans and transfers	276,117	( 278,490)
Net changes in fund balances	111,300	1,760
<b>CASH BASIS FUND BALANCE -     Beginning of Year</b>	<u>1,956,483</u>	<u>1,139,574</u>
<b>CASH BASIS FUND BALANCE -     End of Year</b>	<u>\$ 2,067,783</u>	<u>\$ 1,141,334</u>

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

TOWN OF ACKERMAN, MISSISSIPPI  
Notes to Financial Statement

**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 2019 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.

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into fund types and categories as follows:

**Governmental Funds**

General Fund – The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

**Proprietary Funds**

Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs 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. The Proprietary Fund is the Water Fund.

**Basis of Accounting**

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

**Use of Estimates**

The preparation of financial statements in conformity with the cash receipts and disbursements basis, as prescribed by the Office of the State Auditor requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Accounts**

For proprietary funds the Town of Ackerman, Mississippi records expense and liability for compensated absences as the benefit is earned. Because the focus of the General Fund is "spendable resources" the expenditure is not recorded until the liability is discharged. However, the obligation is recorded in the Schedule of Long-Term Debt as the benefit is earned by the employees. The Town of Ackerman, Mississippi's policy on annual leave is it must be taken within the year accrued. Except for certain situations, five workdays may be carried over into the next year. The carryover of annual leave is immaterial; therefore it is not recorded in the Schedule of Long-Term Debt.



TOWN OF ACKERMAN, MISSISSIPPI  
Notes to Financial Statement

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Budgets and Budgetary Accounting**

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

1. Prior to September 15, the Town Clerk submits to the Mayor and Board of Alderpersons 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 Alderpersons 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.

**Encumbrances**

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

**Note 2: Cash and Other Deposits**

The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-1 05-5, 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 Depository Insurance Corporation.

The carrying amount of the Town's deposits with financial institutions was \$3,209,117 on September 30, 2019, and the total of all bank balances was \$3,207,984.

**Note 3: Interfund Transfers**

Interfund transfers during the year were as follows:

	<u>General Fund</u>	<u>Water and Sewer Fund</u>
Transfers In	\$ 276,117	\$
Transfers Out	<u>-</u>	<u>( 278,490)</u>
	<u>\$ 276,117</u>	<u>\$ ( 278,490)</u>

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

TOWN OF ACKERMAN, MISSISSIPPI  
Notes to Financial Statement

**Note 4: Report Classifications**

Receipts and disbursements were classified according to requirements for small towns in the State of Mississippi as prescribed by the Office of the State Auditor.

**Note 5: Risk Management**

The Town of Ackerman, Mississippi 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 of Ackerman, Mississippi carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Under GASB Statement No. 10, *Accounting and Financial Reporting for Risks Financing and Related Insurance Issues*, a liability for claims must be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. As of the date of this audit report, there were no known claims above the amount of coverage purchased for risks of loss related to torts, theft of, damage to, and the destruction of assets, errors and omissions, injuries to employees and natural disasters at September 30, 2019, therefore no liability has been accrued at this time.

**Note 6: Property Tax**

Numerous statutes exist under which the Mayor and Board of Aldermen may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the Town. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Mayor and Board of Aldermen, each year at a meeting in September, levy property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year.

Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year.

Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. The City taxes are collected and remitted to the Town by the Choctaw County Tax Collector.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

The distribution of taxes to funds was made in accordance with prescribed tax levies, and uncollected taxes were properly handled.

Delinquent taxes are not recorded as assets.

TOWN OF ACKERMAN, MISSISSIPPI  
Notes to Financial Statement

**Note 7: Subsequent Events**

Events that occur after the Combined Statement of Cash Receipts and Disbursements date but before the financial statement 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 Combined Statement of Cash Receipts and Disbursements date are recognized in the accompanying financial statement. Subsequent events which provide evidence about conditions that existed after the Combined Statement of Cash Receipts and Disbursements date require disclosure in the accompanying notes. Management of the Town evaluated the activity of the Town through August 11, 2020 the date the financial statement was approved by the Town's management and thereby available to be released, and determined the following event required disclosure.

On March 11, 2020, the World Health Organization declared the COVID-19 virus outbreak to be a pandemic. Management has evaluated the potential impact of the pandemic on its business operations. Due to the nature of the operations of the Town of Ackerman, Mississippi, it is management's opinion that there will be a financial impact related to the COVID-19 crisis; however, a true assessment of the potential impact is premature at this point.

## SUPPLEMENTARY INFORMATION

TOWN OF ACKERMAN, MISSISSIPPI  
Schedule of Investments – All Funds  
September 30, 2019

	<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%	565,030
Certificate of Deposit with Renasant Bank, rate 0.50%	<u>236,510</u>
 Total	 \$ <u><u>1,053,440</u></u>
 Fund Recap:	
General Fund	\$ 525,440
Water and Sewer Fund	<u>528,000</u>
 Total	 \$ <u><u>1,053,440</u></u>

TOWN OF ACKERMAN, MISSISSIPPI  
Schedule of Fixed Assets  
September 30, 2019

**General Fund:**

	Balance 09/30/2018	Additions & Reclassifications	Retirements & Reclassifications	Balance 09/30/2019
Land	\$ 2,356,230	-	-	\$ 2,356,230
Buildings	453,580	-	-	453,580
Equipment	899,547	67,988	139	967,396
	<u>\$ 3,709,357</u>	<u>67,988</u>	<u>139</u>	<u>\$ 3,777,206</u>

**Proprietary Fund:**

	Balance 09/30/2018	Additions & Reclassifications	Retirements & Reclassifications	Balance 09/30/2019
Infrastructure	\$ 1,733,324	-	-	\$ 1,733,324
Machinery and equipment	205,295	-	-	205,295
	<u>\$ 1,938,619</u>	<u>-</u>	<u>-</u>	<u>\$ 1,938,619</u>

TOWN OF ACKERMAN, MISSISSIPPI  
Schedule of Long-Term Debt  
September 30, 2019

	Balance 09/30/2018	Additions	Retirements	Balance 09/30/2019
Bonds Payable:				
G. O. Public Improvemnet Bond, Series 1999	\$ 55,000	-	(55,000)	\$ -
USDA Revenue Bond #9220	394,036	-	(10,165)	383,871
Total Bonds Payable	<u>\$ 449,036</u>	<u>-</u>	<u>(65,165)</u>	<u>\$ 383,871</u>

Notes Payable:

CAP Loan 102-CP-01 50335	\$ 25,673	-	(6,208)	\$ 19,465
CAP Loan 3-102-CP-01 50419	45,847	-	(22,535)	23,312
CAP Loan 3-102-CP-01 50752	370,907	-	(17,068)	353,839
Total Notes Payable	<u>\$ 442,427</u>	<u>-</u>	<u>(45,811)</u>	<u>\$ 396,616</u>

TOWN OF ACKERMAN, MISSISSIPPI  
Schedule of Surety Bonds for Municipal Officials  
September 30, 2019

<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



## SPECIAL REPORTS



**WATKINS, WARD and STAFFORD**  
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Certified Public Accountants

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

Honorable Mayor and Board of Alderpersons  
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 Combined Statement of Cash Receipts and Disbursements of the Town of Ackerman, Mississippi for the year ended September 30, 2019 and the related notes to financial statement, and have issued our report thereon dated August 11, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, 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 statement 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, misstatement 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 statement 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 statement is 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  
August 11, 2020

Watkins Ward and Stafford, P.C.



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

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

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

We have audited the Combined Statement of Cash Receipts and Disbursements and supplemental information of the Town of Ackerman Mississippi, as of and for the year ended September 30, 2019, have issued our report thereon dated August 11, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America as described in Note 1, and the standards applicable to financials audits contained in the Government Auditing Standards.

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 Combined Statement of Cash Receipts and Disbursements and supplemental information disclosed no material instances of noncompliance with state laws and regulations.

This report is intended solely 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  
August 11, 2020

*Watkins Ward and Stafford, PLLC*

Town of Ackerman, Mississippi  
Schedule of Findings and Responses  
For the Year Ended September 30, 2019

**Section 1: Summary of Auditors' Results**

**Financial Statement**

- |    |   |               |
|----|---|---------------|
| 1. | Type of auditors' report issued on the primary government financial statement:            | 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 statement?  | No            |