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**TOWN OF ARTESIA, MISSISSIPPI  
COMPILATION REPORT  
AND REPORT ON AGREED-UPON PROCEDURES  
SEPTEMBER 30, 2019**



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

James L. Stafford, CPA  
Harry W. Stevens, CPA  
S. Kelth Winfield, CPA  
William B. Stagers, CPA  
Michael W. McCully, CPA  
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Stephen D. Flake, CPA  
John N. Russell, CPA  
Thomas A. Davis, CPA  
Anita L. Goodrum, CPA  
Ricky D. Allen, CPA  
Jason D. Brooks, CPA  
Robert E. Cordle, Jr., CPA  
Perry C. Rackley, Jr., CPA  
Jerry L. Gammel, CPA  
Michael C. Knox, CPA  
Clifford P. Stewart, CPA  
Edward A. Maxwell, CPA

## **INDEPENDENT ACCOUNTANTS' COMPILATION REPORT**

To the Honorable Mayor and Board of Aldermen  
Town of Artesia, Mississippi

Management is responsible for the accompanying Statement of Cash Receipts and Disbursements—Governmental and Business-type Activities of the Town of Artesia, Mississippi for the year ended September 30, 2019, and the related notes to financial statement, which collectively comprise the Town's basic financial statements as listed in the contents, in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. 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 Statement of Cash Receipts and Disbursements—Governmental and Business-type Activities 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 the Statement of Cash Receipts and Disbursements—Governmental and Business-type Activities.

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The Statement of Cash Receipts and Disbursements—Governmental and Business-type Activities is prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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.

The supplementary information contained in Schedule of Investments, Schedule of Long-Term Debt and Schedule of Surety Bonds for Municipal Officials is presented in compliance with the requirements of the Mississippi Office of the State Auditor and has been compiled from information that is the representation of management. This information was subject to our compilation engagement, however, we have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

**TOWN OF ARTESIA**  
**Statement of Cash Receipts and Disbursements-**  
**Governmental and Business-type Activities**  
**For the Year Ended September 30, 2019**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>General Fund</u>	<u>Total</u>	<u>Water &amp; Sewer Fund</u>	<u>Total</u>
<b>CASH RECEIPTS:</b>				
Taxes				
General property tax	\$ 33,417	\$ 33,417	\$ -	\$ -
Franchise tax	6,975	6,975	-	-
Privilege tax	50	50	-	-
Intergovernmental revenue				
State shared revenue				
General municipal aid	1,539	1,539	-	-
Grant Proceeds	-	-	72,251	72,251
Sales tax	18,476	18,476	-	-
TVA in Lieu Tax	2,081	2,081	-	-
Homestead reimbursement	1,878	1,878	-	-
Rail Car Tax	3,212	3,212	-	-
Charges for services				
Water utility	-	-	319,677	319,677
Other receipts				
Grants	7,504	7,504	-	-
Interest earned	25	25	82	82
Miscellaneous	2,522	2,522	-	-
Artesia Day Receipts	27,376	27,376	-	-
<b>TOTAL CASH RECEIPTS</b>	<u>\$ 105,055</u>	<u>\$ 105,055</u>	<u>\$ 392,010</u>	<u>\$ 392,010</u>

See accompanying notes and independent accountants' compilation report.

**TOWN OF ARTESIA**  
**Statement of Cash Receipts and Disbursements-**  
**Governmental and Business-type Activities**  
**For the Year Ended September 30, 2019**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>General Fund</u>	<u>Total</u>	<u>Water &amp; Sewer Fund</u>	<u>Total</u>
<b>EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER DISBURSEMENTS</b>	<u>\$ (41,464)</u>	<u>\$ (41,464)</u>	<u>\$ 249,236</u>	<u>\$ 249,236</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	49,947	49,947	(49,947)	(49,947)
Other Sources/(Uses)	-	-	522	522
Capital outlay	-	-	(72,356)	(72,356)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>49,947</u>	<u>49,947</u>	<u>(121,781)</u>	<u>(121,781)</u>
 <b>Excess of cash receipts and other financing sources over disbursements and other financing uses</b>	<u>8,483</u>	<u>8,483</u>	<u>127,455</u>	<u>127,455</u>
 <b>CASH BALANCE-BEGINNING</b>	<u>42,798</u>	<u>42,798</u>	<u>106,058</u>	<u>106,058</u>
 <b>CASH BALANCE-ENDING</b>	<u><u>\$ 51,281</u></u>	<u><u>\$ 51,281</u></u>	<u><u>\$ 233,513</u></u>	<u><u>\$ 233,513</u></u>

See accompanying notes and independent accountants' compilation report.

**TOWN OF ARTESIA, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENT**

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

**Proprietary Funds:**

**Enterprise Funds** - Enterprise Funds consist of the business-type activities and 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 use charges; or (b) where the governing body had 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 Enterprise Funds are the Water and Sewer Fund.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Town uses the cash basis of accounting as prescribed by the Mississippi Office of the State Auditor.

In the fund financial statements, governmental and business-like activities are presented using a cash basis of accounting. This basis recognizes assets, liabilities, net-assets/fund equity, revenues and expenditures/expenses when they result from cash transactions with a provision for depreciation in the proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

If the town utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

Under the modified accrual basis revenues are recognized when measurable and available. Measurable means, being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

Under the accrual basis revenues are recognized when earned. Expenses (including depreciation and amortization) are recorded when the liability is incurred or the economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

## **SUPPLEMENTARY INFORMATION**

**TOWN OF ARTESIA, MISSISSIPPI  
SCHEDULE OF LONG-TERM DEBT  
SEPTEMBER 30, 2019**

None

See accompanying notes and independent accountants' compilation report.





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**REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

The Honorable Mayor and Board of Alderman  
Town of Artesia, 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 Municipal Officers of the Town of Artesia, Mississippi, for the year ended September 30, 2019, in accordance with Statements of 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 generally accepted accounting principles in the United States of America.

We have performed procedures to test compliance with certain state laws and regulations as described in 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 Municipal Officers of the Town of Artesia, Mississippi, for the year ended September 30, 2019, disclosed no instances of noncompliance with state laws and regulations.

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.

Kosciusko, Mississippi  
February 9, 2021

*Watkins Ward and Stafford, PLLC*

- 2) We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
  - a. Tax assessments, billings and collections are handled by the Lowndes County's tax collector's office and remitted monthly to the Town of Artesia; therefore the accountant will not perform a reconciliation of the tax roll to collections.
  - b. Traced distribution of taxes collected to proper funds.

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 §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.

- 3) We obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated were traced to deposits 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>
Gasoline tax	General	\$ 1,320
General municipal aid	General	219
Fire protection allocation	General	2,511
Homestead exemption reimbursement	General	1,878
Sales tax allocation	General	18,476
Transfer to subgrantee	General	72,251
Nuclear plant payments in lieu of taxes	General	2,081
	Total	<u>\$ 98,736</u>

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

The sample consisted of the following:

- a. Number of Sample Items 14
- b. Total Dollar Value of Sample \$9,072

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