

## OFFICE OF THE STATE AUDITOR REPORT NOTE:

*Section 7-7-211, Mississippi Code Annotated (1972)* gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

**TOWN OF ARTESIA, MISSISSIPPI  
COMPILATION REPORT  
AND REPORT ON AGREED-UPON PROCEDURES  
SEPTEMBER 30, 2020**

**TOWN OF ARTESIA, MISSISSIPPI**  
**COMPILATION REPORT AND REPORT ON AGREED-UPON PROCEDURES**  
**SEPTEMBER 30, 2020**

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## 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, 2020 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*

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.

#### *Other Information*

The Statement of Cash Receipts and Disbursements—Governmental and Business-type Activities and related notes to financial statement are intended to comply with the requirements of the Mississippi Office of the State Auditor, and are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

In accordance with the provisions of §21-35-31, Miss Code Ann. (1972), we have issued a report dated January 11, 2022 on the results of our agreed-upon procedures.

Kosciusko, Mississippi  
January 11, 2022

*Watkins Ward and Stafford, P.C.*

**TOWN OF ARTESIA, MISSISSIPPI**  
**Statement of Cash Receipts and Disbursements-**  
**Governmental and Business-type Activities**  
**For the Year Ended September 30, 2020**

	<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	\$ 37,518	\$ 37,518	\$ -	\$ -
Franchise tax	6,389	6,389	-	-
Privilege tax	-	-	-	-
Intergovernmental revenue				
State shared revenue				
General municipal aid	23,306	23,306	-	-
Grant Proceeds	-	-	8,000	8,000
Sales tax	29,044	29,044	-	-
Gasoline tax	1,320	1,320	-	-
State fire rebate & fire prot.	2,654	2,654	-	-
TVA in Lieu Tax	2,352	2,352	-	-
Homestead reimbursement	1,978	1,978	-	-
Rail Car Tax	3,225	3,225	-	-
Charges for services				
Water utility	-	-	234,328	234,328
Other receipts				
Grants	3,650	3,650	-	-
Interest earned	39	39	125	125
Miscellaneous	1,346	1,346	-	-
<b>TOTAL CASH RECEIPTS</b>	<b>\$ 112,821</b>	<b>\$ 112,821</b>	<b>\$ 242,453</b>	<b>\$ 242,453</b>

See accompanying notes and independent accountants' compilation report.

**TOWN OF ARTESIA, MISSISSIPPI**  
**Statement of Cash Receipts and Disbursements-**  
**Governmental and Business-type Activities**  
**For the Year Ended September 30, 2020**

	<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>DISBURSEMENTS:</b>				
General government	\$ 98,005	\$ 98,005	\$ -	\$ -
Enterprises				
Water utility	-	-	171,433	171,433
<b>TOTAL DISBURSEMENTS</b>	<u>\$ 98,005</u>	<u>\$ 98,005</u>	<u>\$ 171,433</u>	<u>\$ 171,433</u>

See accompanying notes and independent accountants' compilation report.

**TOWN OF ARTESIA, MISSISSIPPI**  
**Statement of Cash Receipts and Disbursements-**  
**Governmental and Business-type Activities**  
**For the Year Ended September 30, 2020**

	<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>\$ 14,816</u>	<u>\$ 14,816</u>	<u>\$ 71,020</u>	<u>\$ 71,020</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	48,140	48,140	(48,140)	(48,140)
Other Sources/(Uses)	-	-	1,340	1,340
Capital outlay	-	-	(8,000)	(8,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>48,140</u>	<u>48,140</u>	<u>(54,800)</u>	<u>(54,800)</u>
 <b>Excess of cash receipts and other financing sources over disbursements and other financing uses</b>	<u>62,956</u>	<u>62,956</u>	<u>16,220</u>	<u>16,220</u>
 <b>CASH BALANCE-BEGINNING</b>	51,282	51,282	233,513	233,513
 <b>CASH BALANCE-ENDING</b>	<u>\$ 114,238</u>	<u>\$ 114,238</u>	<u>\$ 249,733</u>	<u>\$ 249,733</u>

See accompanying notes and independent accountants' compilation report.



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

### **Note 1: Summary of Significant Accounting Policies**

#### **Reporting Entity**

The financial statement of the Town consists of all the funds of the Town.

The Citizens of Artesia have elected to operate under a Code Charter as permitted by Mississippi Statute 21-3-3, which prescribes a Mayor and Board of Aldermen form of government.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic - but not only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no includable or excludable potential component units.

#### **Fund Accounting**

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. 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, in the financial statement in this report, into three generic fund types and two broad fund 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.

## **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 is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

### **Note 2: 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 3: Contingencies**

Since the advent of the COVID-19 pandemic in March, 2020, the Town of Artesia has maintained relative operating normalcy. To date, national COVID-19 related regulation has not adversely impacted operations. Per discussion with management, cash receipts have remained consistent with prior years. Additionally, the Town of Artesia has had no ongoing projects that have been impacted by the pandemic. As of the date of the report, management declines to speculate on when a return to pre-COVID-19 operations will occur, but does not anticipate a material impact on normal operations for the Town of Artesia.

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

**Note 4: Subsequent Events**

Events that occurred after the Statement of Cash Receipts and Disbursements date but before the financial statement is 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 Cash Receipts and Disbursements date are recognized in the accompanying financial statement. Subsequent events which provide evidence about conditions that existed after the Statement of Cash Receipts and Disbursements date require disclosure in the accompanying notes. Management of the Town of Artesia evaluated the activity of the municipality through January 11, 2022 (the date the financial statement was available to be issued), and determined that no subsequent events had occurred that would require disclosure in the notes to financial statement.

## SUPPLEMENTARY INFORMATION

**TOWN OF ARTESIA, MISSISSIPPI  
SCHEDULE OF INVESTMENTS  
SEPTEMBER 30, 2020**

None

See accompanying notes and independent accountants' compilation report.

**TOWN OF ARTESIA, MISSISSIPPI  
SCHEDULE OF LONG-TERM DEBT  
SEPTEMBER 30, 2020**

None

See accompanying notes and independent accountants' compilation report.

**TOWN OF ARTESIA, MISSISSIPPI**  
**SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS**  
**SEPTEMBER 30, 2020**

<u>POSITION</u>	<u>NAME</u>	<u>INSURANCE COMPANY</u>	<u>COVERAGE</u>
Mayor	Jimmy Sanders	Clyde C Scott Insurance	\$ 25,000
City Clerk	Tresa Sanders	Clyde C Scott Insurance	\$ 50,000
Alderman	Brooks, Garfield	Clyde C Scott Insurance	\$ 10,000
Alderman	Macauthur Hill	Clyde C Scott Insurance	\$ 10,000
Alderman	Mamie Johnson	Clyde C Scott Insurance	\$ 10,000
Alderman	Hattie Sanders	Clyde C Scott Insurance	\$ 10,000
Alderman	Flora Stovall	Clyde C Scott Insurance	\$ 10,000

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 Aldermen  
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 Officials of the Town of Artesia, Mississippi, for the year ended September 30, 2020, 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 Officials of the Town of Artesia, Mississippi, for the year ended September 30, 2020, 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  
January 11, 2022

*Watkins Ward and Stafford, P.C.*





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

The Honorable Mayor and Board of Aldermen  
Town of Artesia, Mississippi

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Artesia, Mississippi, as of September 30, 2020, 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). It is understood the report is solely for the use of the governing body of the Town of Artesia, Mississippi and the Office of the State Auditor and should not be used for any other purposes. 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:

<u>Bank</u>	<u>Fund</u>	<u>Balance</u>
Cadence Bank	General funds:	\$ 99,376
	General fund	14,862
	Total general funds	<u>\$ 114,238</u>
Cadence Bank	Proprietary funds:	
	Water fund	\$ 249,733
	Total proprietary funds	<u>\$ 249,733</u>

- 2) We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
  - a. Trace levies to governing body minutes;
  - b. Traced distribution of taxes collected to proper funds; and
  - c. Analyzed increase in taxes for most recent period for completion 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 §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	2,654
Homestead exemption reimbursement	General	1,978
Sales tax allocation	General	29,044
Other Aid	General	23,087
Grantor Payments Nontaxable	Water	8,000
Nuclear plant payments in lieu of taxes	General	2,352

- 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 \$9,355

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

- 5) We have read the Municipal Compliance Questionnaire completed by the municipality. The completed survey indicated no instances of noncompliance with state requirements.

Because the above procedures do not constitute an audit in accordance with generally accepted auditing standards, we do not express an opinion 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 or had we conducted an audit of the financial statements in accordance with generally accepted auditing standards, 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 Artesia, Mississippi for the year ended September 30, 2020.

Kosciusko, Mississippi  
January 11, 2022

*Watkins Ward and Stafford, P.C.*