

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.

FINANCIAL STATEMENTS
Town of Ackerman, Mississippi
For the year ended
September 30, 2021

TOWN OF ACKERMAN, MISSISSIPPI
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September 30, 2021

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INDEPENDENT AUDITOR'S REPORT

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Partners

Gary Franks, CPA

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen
Town of Ackerman, Mississippi

We have audited the accompanying Statement of Cash Receipts and Disbursements of the Town of Ackerman, Mississippi of and for the year ended September 30, 2022 and the related notes to the financial statements, which collectively comprise the Town's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statements

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. 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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement of Cash Receipts and Disbursements. The procedures selected depend on the auditor's 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 auditor considers 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 statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

As described more fully in Note 1, the Town of Ackerman, Mississippi has prepared these financial statements using accounting practices prescribed or permitted by the Mississippi Office of the State Auditor, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory

accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Town of Ackerman, Mississippi as of September 30, 2022, the changes in its financial position, or, where applicable, its cash flows for the year then ended. Further, the Town of Ackerman, Mississippi has not presented management's discussion and analysis and budgetary comparison schedules that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements. In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash balances of each fund of the Town of Ackerman, Mississippi, as of September 30, 2022 and the respective cash receipts and disbursements for the year then ended in accordance with the basis of accounting described in Note 1.

Other Information

Our audit was conducted for the purpose of forming an opinion on the Statement of Cash Receipts and Disbursements of the Town of Ackerman, Mississippi taken as a whole. Supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements. The supplemental 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 statement. The information in those schedules has been subjected to the auditing procedures applied in the audit of the Statement of Cash Receipts and Disbursements and, in our opinion, is fairly presented in all material respects in relation to the Statement of Cash Receipts and Disbursements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated February 7, 2023, 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 and grant agreements and other matters. The purpose of that 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended for the information of the Town's management and the Office of the Mississippi 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.

Franks, Franks, Wilmon & Hagood P.A.

FRANKS, FRANKS, WILEMON & HAGOOD, P.A.
Tupelo, Mississippi
February 7, 2023

BASIC FINANCIAL STATEMENTS

TOWN OF ACKERMAN, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GOVERNMENTAL AND BUSINESS TYPE ACTIVITIES
For the year ended September 30, 2021

	Governmental Activities			Business Type Activities	Totals (Memorandum Only)
	General Fund	Special Revenue Fund	Capital Projects Fund	Water and Sewer Fund	
RECEIPTS:					
Taxes					
General Property Taxes	\$ 333,344	\$ -	\$ -	\$ -	\$ 333,344
Auto Ad Valorem Tax	91,102	-	-	-	91,102
Licenses and Permits					
Franchise Charges - Utilities	35,891	-	-	-	35,891
Privilege Tax Revenue	5,429	-	-	-	5,429
Intergovernmental Revenues:					
State Shared Revenues:					
General Municipal Aid	753	-	-	-	753
Gas Tax	4,624	-	-	-	4,624
Sales Tax	320,546	-	-	-	320,546
TVA In Lieu of Tax	11,439	-	-	-	11,439
Homestead Exemption Reimbursement	28,747	-	-	-	28,747
Infrastructure Modernization	58,835	-	-	-	58,835
Grant Income:					
MEMA Grant	35,367	-	-	-	35,367
ARPA Grant	-	177,992	-	-	177,992
Other Grant Income	18,300	-	-	-	18,300
Charges for Services:					
Cemetery	7,200	-	-	-	7,200
Water and Sewer System	-	-	-	796,583	796,583
Fines and Forfeits:					
Police Fines	18,298	-	-	-	18,298
Miscellaneous Receipts:					
Interest Income	38,538	281	-	1,310	40,129
Sale of Surplus Property	-	-	475,000	-	475,000
Other Income	12,577	-	-	7,168	19,745
Total Receipts	\$ 1,020,990	\$ 178,273	\$ 475,000	\$ 805,061	\$ 2,479,324

See accompanying selected information and independent accountants' compilation report.

TOWN OF ACKERMAN, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GOVERNMENTAL AND BUSINESS TYPE ACTIVITIES
For the year ended September 30, 2021

	Governmental Activities			Business Type Activities	Totals (Memorandum Only)
	General Fund	Special Revenue Fund	Capital Projects Fund	Water and Sewer Fund	
DISBURSEMENTS:					
General Government	\$ 345,759	\$ -	\$ -	\$ -	\$ 345,759
Public Safety: Police and Fire	425,230	-	-	-	425,230
Public Works	178,103	-	-	-	178,103
Enterprise: Water and Sewer System	-	-	-	371,391	371,391
Debt Service Interest	-	-	-	17,452	17,452
Total Disbursements	<u>949,092</u>	<u>-</u>	<u>-</u>	<u>388,843</u>	<u>1,337,935</u>
Excess (Deficiency) of receipts over disbursements	<u>71,898</u>	<u>178,273</u>	<u>475,000</u>	<u>416,218</u>	<u>1,141,389</u>
OTHER FINANCING SOURCES (USES):					
Loan Proceeds	-	-	-	-	-
Capital Outlay/Grant Expenses	(54,044)	-	-	(31,013)	(85,057)
Redemption of Principal	-	-	-	(35,939)	(35,939)
Transfers From/(To) Other Funds	<u>266,145</u>	<u>-</u>	<u>-</u>	<u>(266,145)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>212,101</u>	<u>-</u>	<u>-</u>	<u>(333,097)</u>	<u>(120,996)</u>
Excess (Deficiency) of receipts & other financing sources over disbursements and other financing uses	283,999	178,273	475,000	83,121	1,020,393
CASH BASIS FUND BALANCE - BEGINNING OF YEAR	<u>1,801,912</u>	<u>-</u>	<u>-</u>	<u>1,597,204</u>	<u>3,399,116</u>
CASH BASIS FUND BALANCE - END OF YEAR	<u>\$ 2,085,911</u>	<u>\$ 178,273</u>	<u>\$ 475,000</u>	<u>\$ 1,680,325</u>	<u>\$ 4,419,509</u>

See accompanying selected information and independent accountants' compilation report.

TOWN OF ACKERMAN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

The Town operates under the mayor/board of aldermen form of government and provides services as authorized by law.

Basis of Accounting

The financial statement has been prepared on the cash receipts and disbursements basis, as prescribed by the Office of the State Auditor. Consequently, certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. Under this basis of accounting, the Town has elected to omit substantially all government-wide financial statements, management discussion and analysis, required supplemental information, and other supplemental information required under generally accepted accounting principles.

Government-Wide Financial Statements

The statement of cash receipts and disbursements displays information on all non-fiduciary activities of the primary government. The statement distinguishes between those activities of the Town that are governmental, which are normally supported by taxes and intergovernmental revenues, and those that are considered business-type activities, which rely to a significant extent on fees and charges for support.

The statement of cash receipts and disbursements presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities and for the business-type activities of the Town. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods and services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

Financial Statement Presentation

The Town reports the following governmental funds:

General Fund – The general fund is established to account for resources devoted to financing the general services that the Town performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the Town are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not been established.

TOWN OF ACKERMAN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted for specific expenditure purposes. Special Revenue Funds include the American Rescue Plan Act Fund.

Capital Projects Fund – Capital Projects Funds are used to account for financial resources such as proceeds from the sale of bonds, bond anticipation notes, capital notes, transfers from governmental funds, and federal and state grants, all provided for the specific purpose of constructing, reconstructing or acquiring permanent or semi-permanent capital improvements. The Park Construction Fund is a Capital Project Fund.

The Town reports the following proprietary funds:

Proprietary Funds – Proprietary Funds are used to account for operations which 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 and services to general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes. Proprietary funds include the Water and Sewer Fund and the Gas Fund.

Cash and Investments

For the purpose of the financial statement, cash includes all demand, savings accounts, and certificates of deposit of the Town.

Capital Assets

Capital asset purchases are recorded as expenditures (capital outlay) at the time of the acquisition. Such assets are not capitalized but instead are fully expensed in the year of the purchase. Consequently, depreciation has not been provided on fixed assets on the financial statements.

Revenues and Expenditures/Expenses

Revenues for governmental and proprietary funds are recorded when they are received. Expenditures for governmental funds are recorded when the warrant is issued.

Total Columns on Statements

The "Total" columns on the statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Adjustments to eliminate interfund transactions, if any, have not been recorded in arriving at such amounts and the memorandum totals are not intended to fairly present the financial position or results of operations of the Town, taken as a whole.

TOWN OF ACKERMAN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of the financial statements in conformity with the cash basis in compliance with the requirements of 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.

NOTE 2 - CASH AND OTHER DEPOSITS

Deposits

The carrying amount of the Town's total deposits with financial institutions at September 30, 2021, was \$4,419,509, and the bank balance was \$4,427,999. 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 27-105-5, 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 Depository Insurance Corporation.

Custodial credit risk: In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's entire bank balances were covered by federal depository insurance or collateralized in accordance with state law at year end. The collateral for public entities' deposits in financial institutions are held in the name of the Mississippi 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 Town'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 (FDIC).

Investments

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Town's investment policy is limited to complying with the State's investment statutes. The State law has not addressed an interest rate risk; however, the Town's policy is to hold all investments to maturity, thereby reducing any interest rate risk.

Credit risk: The Town and its component units are allowed, by State statute, to invest excess funds in any bonds or other direct obligations of the United States of America, of the State of Mississippi, or of any county or municipality of Mississippi, when such county or municipal bonds have been properly approved; or in obligations issued or guaranteed in full as to principal and interest by the United States of America which are subject to a repurchase agreement with a qualified depository; or in interest-bearing time certificates of deposit with any financial institution approved for the deposit of state funds. It is the Town's policy to limit its investments to those allowed by the State statute.

TOWN OF ACKERMAN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 2 - CASH AND OTHER DEPOSITS (continued)

Concentration of credit risk: The Town complies with the State statute regarding investments; as a result, concentration risk is limited.

Custodial credit risk: For an investment, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To minimize this risk, the Town's requires that all negotiable instruments be held in safekeeping in the trust department of a bank. The Town's investments are insured or registered, or are securities held by the Town or its agent in the Town's name.

NOTE 3 - PROPERTY TAXES

Property taxes, except motor vehicles, attach as an enforceable lien on property on January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year. Property taxes are recognized as revenues when they are received. The Town's taxes are collected by the County Tax Collector and remitted to the Town. The distribution of taxes to funds were made in accordance with prescribed tax levies, and uncollected taxes were properly handled.

NOTE 4 - LONG-TERM DEBT

The annual requirements to amortize all debt outstanding as of September 30, 2021, including interest payments of \$182,756 are as follows:

Fiscal Year Ended September 30,	USDA Loan	MDA Loans	Interest	Total
2022	\$ 11,731	\$ 24,569	\$ 16,680	\$ 52,979
2023	12,054	18,433	15,688	46,174
2024	12,386	18,805	14,984	46,174
2025	12,726	19,571	13,877	46,174
2026	13,076	19,966	13,132	46,174
2027-2031	70,977	106,042	53,853	230,872
2032-2036	92,399	114,866	34,715	230,870
2037-2041	93,097	3,227	16,382	112,707
2042-2046	53,450	-	3,445	56,895
	<u>\$ 360,785</u>	<u>\$ 325,479</u>	<u>\$ 182,756</u>	<u>\$ 869,020</u>

TOWN OF ACKERMAN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers during the year were as follows:

	General Fund	Water and Sewer Fund
Transfers In	\$ (266,145)	\$ -
Transfers Out	-	266,145
	\$ (266,145)	\$ 266,145

The principal purpose of interfund transfers was to provide funds to pay for shared costs. All transfers are routine and consistent with the activities of the fund making the transfer.

NOTE 6 - RISK MANAGEMENT

The Town of Ackerman is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs of the Town except for certain employment practices liabilities, certain environmental liabilities, worker's compensation liabilities funded through a public entity risk pool, and catastrophic natural disasters that may exceed insurance coverages for which the Town retains the risk of loss.

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 employer's 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. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 7 - COMMITMENTS

The Town participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by their grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

TOWN OF ACKERMAN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 8 - DEFINED BENEFIT PENSION PLAN

Plan Description - The Town of Ackerman 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 information may be obtained by writing to Public Employee Retirement System, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1(800) 444 PERS.

Funding Policy - PERS members are required to contribute 9.00% of their annual covered salary and the Town of Ackerman is required to contribute at an actuarially determined rate. The current rate is 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The Town of Ackerman's contributions to PERS for the years ending September 30, 2021, 2020, and 2019 were \$111,708, \$103,619, and \$95,187, respectively, equal to the required contributions for each year.

NOTE 9 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 7, 2023, the date on which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

TOWN OF ACKERMAN, MISSISSIPPI
SCHEDULE OF INVESTMENTS
September 30, 2021

Ownership	Type of Investment	Interest Rate	Acquisition Date	Maturity Date	Other Information	Investment Cost/Value
GOVERNMENTAL FUNDS:						
General Fund	Certificate of Deposit	0.250%	05/09/11	06/09/22	Renasant Bank	\$ 91,656
General Fund	Certificate of Deposit	1.370%	05/09/11	06/09/22	Renasant Bank	14,110
General Fund	Certificate of Deposit	0.350%	12/01/00	06/01/22	Bank of Kilmichael	300,000
General Fund	Certificate of Deposit	0.350%	06/02/00	06/02/22	Bank of Kilmichael	<u>119,900</u>
Total Investments - Governmental Funds						<u>525,666</u>
PROPRIETARY FUNDS:						
Water Fund	Certificate of Deposit	1.370%	05/09/11	06/09/22	Renasant Bank	65,656
Water Fund	Certificate of Deposit	0.250%	05/09/11	06/09/22	Renasant Bank	67,385
Water Fund	Certificate of Deposit	0.350%	06/02/00	06/02/22	Bank of Kilmichael	132,000
Water Fund	Certificate of Deposit	0.350%	12/01/00	06/01/22	Bank of Kilmichael	<u>265,031</u>
Total Investments - Proprietary Funds						<u>530,072</u>
Total Investments - All Funds						<u>\$ 1,055,738</u>

See independent accountants' compilation report.

TOWN OF ACKERMAN, MISSISSIPPI
SCHEDULE OF CAPITAL ASSETS
For the year ended September 30, 2021

	Balance October 1, 2020	Additions	Deletions & Reclassifications	Balance September 30, 2021
General Fund:				
Land	\$ 1,342,850	\$ -	\$ -	\$ 1,342,850
Buildings	457,042	-	-	457,042
Equipment	713,587	45,857	10,071	749,373
Improvements	302,706	8,187	-	310,893
Total General Fund	\$ <u>2,816,185</u>	\$ <u>54,044</u>	\$ <u>10,071</u>	\$ <u>2,860,158</u>
Proprietary Fund:				
Infrastructure	\$ 1,733,324	-	-	1,733,324
Machinery & Equipment	<u>237,171</u>	<u>31,013</u>	<u>-</u>	<u>268,184</u>
Total Proprietary Fund	<u>1,970,495</u>	<u>31,013</u>	<u>-</u>	<u>2,001,508</u>
Total All Funds	\$ <u><u>4,786,680</u></u>	\$ <u><u>85,057</u></u>	\$ <u><u>10,071</u></u>	\$ <u><u>4,861,666</u></u>

See independent accountants' compilation report.

TOWN OF ACKERMAN, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
September 30, 2021

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Dale Reid	Mayor	Travelers Insurance	\$50,000
Carl Phelps	Alderman	Travelers Insurance	\$50,000
Felecia Miller	Alderman	Travelers Insurance	\$50,000
Tommy Curtis	Alderman	Travelers Insurance	\$50,000
James Robinson	Alderman	Travelers Insurance	\$50,000
Brent Telano	Alderman	Travelers Insurance	\$50,000
Deborah Boley	Town Clerk	Travelers Insurance	\$50,000
Tonya Woods	Deputy Town Clerk	Travelers Insurance	\$50,000
Susan Medders	Deputy Clerk	Travelers Insurance	\$50,000

See independent accountants' compilation report.

TOWN OF ACKERMAN, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
For the year ended September 30, 2021

<u>DEFINITION AND PURPOSE</u>	<u>BALANCE</u>		<u>TRANSACTIONS</u>		<u>BALANCE</u>	
	<u>OUTSTANDING</u>		<u>DURING THE</u>		<u>OUTSTANDING</u>	
	<u>October 1, 2020</u>		<u>ISSUED</u>	<u>REDEEMED</u>	<u>September 30, 2021</u>	
Notes Payable:						
USDA - Rural Development	\$ 372,189	\$	-	\$ 11,404	\$	360,785
MDA - Water Department	13,082		-	6,581		6,501
MDA - Water Department	330		-	330		-
MDA - Water Department	<u>336,602</u>		<u>-</u>	<u>17,624</u>		<u>318,978</u>
 TOTAL	 \$ <u>722,203</u>	 \$	 <u>-</u>	 \$ <u>35,939</u>	 \$	 <u>686,264</u>

See independent accountants' compilation report.

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

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INDEPENDENT AUDITOR'S 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, Mississippi

We have audited, in accordance with the 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, the Statement of Cash Receipts and Disbursements of the Town of Ackerman, Mississippi, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Ackerman, Mississippi's basic financial statements and have issued our report thereon dated February 7, 2023.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items no. 2021-001 and 2021-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Ackerman, Mississippi's financial statements are free from 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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items no. 2021-002 and 2021-003.

Town of Ackerman, Mississippi's Response to Findings

Town of Ackerman, Mississippi's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Town of Ackerman, Mississippi's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Franks, Franks, Wilemon & Hagood P.A.

FRANKS, FRANKS, WILEMON & HAGOOD, P.A.

Tupelo, Mississippi

February 7, 2023

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**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

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

We have audited the accompanying statement of cash receipts and disbursements of the governmental activities and business-type activities of the Town of Ackerman, Mississippi, for the year ended September 30, 2021, and have issued our report thereon dated February 7, 2023. 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 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 engagement and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the statement of cash receipts and disbursements disclosed the following material instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses are included in the Schedule of Findings and Responses as findings no. 2021-002 and 2021-003 on pages 17 and 18.

The Office of the State Auditor or a public accounting firm will review, on a subsequent year's engagement, the finding in this report to ensure that corrective action has been taken.

This report is intended for the information of the Town'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.

Franks, Franks, Wilemon & Hagood P.A.

Franks, Franks, Wilemon & Hagood, P.A.
Tupelo, Mississippi
February 7, 2023

**TOWN OF ACKERMAN, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
September 30, 2021**

MATERIAL WEAKNESS NO. 2021-001:

Repeat Finding: No

Criteria: A valuable element of the internal control structure is proper segregation of duties of accounting personnel.

Condition: The Town of Ackerman's internal control structure does not provide for adequate segregation of duties.

Cause: The Town's limited size and personnel limit the ability to properly segregate duties.

Recommendation: The Town's mayor and board should continue to be actively involved in a supervisory position in the Town's operations.

Effect: Failure to have an adequate segregation of duties could result in the loss of public funds.

Response: The Town will attempt to maximize segregation of duties whenever possible. The mayor and board will remain actively involved in a supervisory position over the Town's operations.

MATERIAL WEAKNESS AND NONCOMPLIANCE NO. 2021-002

Repeat Finding: No

Criteria: The Town is to maintain internal controls to ensure accurate processing of transactions for the fair presentation of its financial records. The Town is to comply with state purchasing laws for all applicable purchases over certain dollar thresholds.

Condition: The Town had seven instances of noncompliance for the year ended September 30, 2021.

Cause: The Town did not obtain competitive quotes or bids from vendors for purchases applicable to purchase laws.

Effect: The Town was out of compliance with state purchase law requirements.

Recommendation: The Town should implement adequate internal controls over all purchases to ensure that the Town strictly adheres to the purchase laws in all departments of the Town.

Response: The Town will take the necessary steps to ensure that controls over purchasing are revised to guarantee future compliance.

TOWN OF ACKERMAN, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
September 30, 2021

SIGNIFICANT DEFICIENCY AND NONCOMPLIANCE NO. 2021-003

Repeat Finding: No

Criteria: The Town is required, by state statutes, to prepare a budget for all required governmental funds of the Town and to monitor and modify the budget as necessary to ensure all expenditures are within the budgeted amounts.

Condition: The Town had a budget overage in four expenditure categories for the year ended September 30, 2021.

Cause: The Town did not properly amend the budget to prevent budget overages.

Effect: The Town was out of compliance with state budgeting requirements.

Recommendation: The Town should ensure that all expenditures are within the final amended budget amounts. The Town Clerk should generate monthly budget to actual revenue and expense reports that should be used to ensure budgets are amended before expenses are disbursed in excess of budgeted amounts.

Response: The Town will take steps necessary to provide the Board with accurate revenue and expense budget to actual comparisons on a monthly basis for all required accounts. The Town will take steps necessary to ensure that budgets are amended prior to budget overages occurring.