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FINANCIAL STATEMENT

TOWN OF SHERMAN

September 30, 2014

*Attn: Mr. Greg Higginbottom
From: Connie Allen
Town of Sherman*

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**W WATKINS
UIBERALL**
Certified Public Accountants
Independent Member of BKR International

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INDEPENDENT ACCOUNTANT'S REPORT ON AGREED UPON PROCEDURES

Honorable Mayor and Board of Aldermen
Town of Sherman
Sherman, Mississippi

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Sherman, Mississippi, as of September 30, 2014, 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 that the report is solely for use of the governing body of the Town of Sherman, 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 BancorpSouth, Sherman to balances in the respective general ledger accounts and obtained confirmation of the related balances from the bank.

<u>Bank</u>	<u>Fund</u>	<u>Balance Per General Ledger</u>
BancorpSouth	General	\$141,469
BancorpSouth	Water & Sewer System	\$143,148

2. We traced all investments as of the fiscal year end to supporting statements. They were in the form of Certificates of Deposit and are included in the balances in (1) above. The General Fund has Certificates amounting to \$53,776 and the Water and Sewer System has amounts of \$97,530, for a total of \$151,306. All investment transactions during the year were examined for compliance with investments authorized by Sections 21-33-323 of the Miss. Code of 1972.
3. We performed the following procedures with respect to taxes on real estate and personal property (including motor vehicles) levied during the fiscal year.
 - a. Proved the mathematical accuracy of the tax rolls and traced levies to governing body minutes;

- b. Traced distribution of taxes collected to the proper funds; and
- c. Analyzed increase in taxes for most recent period for compliance with increase limitations of Section 27-39-320 to 27-39-329 of the Miss. Code Ann. (1972).

The tax rolls were found to be mathematically correct and were reconciled with collections as follows:

	<u>Taxable Assessed Value</u>	<u>Millage</u>	<u>Tax</u>
Real property	2,654,189	35.23	\$93,507
Personal property	769,168	35.23	27,098
Automobile (net of 5% collection fee)	594,444	35.23	20,942
Public utilities	220,468	35.23	<u>7,767</u>
Totals			149,314
Homestead exemption allowed			(10,417)
County reassessment			(359)
Prior year's collections			<u>3,508</u>
Total to be accounted for			<u>142,046</u>
Credits			
General fund			129,577
Balance Represented By			
Uncollected			12,380
Overcollected			6
Undersettled			<u>83</u>
Total accounted for			<u>\$142,046</u>

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

Ad valorem tax collections were found to be within the limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

Ad valorem tax collections for the retirement of general obligation debt was found to be sufficient for payment of current principal and interest in accordance with limitations imposed by Sections 21-33-87 and 21-33-303, Miss. Code Ann. (1972).

4. We obtained reports from PayMode of payments made by the Department of Finance and Administration to the municipality. All payments indicated were traced to deposits in the respective bank accounts and were recorded in the general ledger without exception.
5. 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 Sections 37-7-1, 31-7-13, 31-7-49, and 31-7-57 of the Miss. Code Ann. (1972) as applicable.

The sample consisted of the following:

Number of sample items	19
Dollar value of sample	\$212,601

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

6. We selected a sample of collection of fines and forfeitures and verified that the municipal court clerk had settled daily with the municipal clerk. We also selected a sample of state-imposed court assessments collected and determined that the municipal clerk had settled monthly with the Department of Finance and Administration.

We found the municipality to be in agreement with the requirements of the above-mentioned sections (except as follows).

The court clerk settled every few days with the municipal clerk, but not daily in all instances. We did determine that the municipal clerk settled monthly or every other month with the Department of Finance and Administration. There were instances when two monthly payments were made in one month but all payments were up to date at September 30, 2014.

7. We have read the Municipal Compliance Questionnaire completed by the municipality.

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

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 that 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 Sherman, Mississippi, for the year ended September 30, 2014.

Watkins Mikusall, PLLC

Tupelo, Mississippi
June 29, 2016

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and Board of Aldermen
Town of Sherman
Sherman, Mississippi

Management is responsible for the accompanying Combined Statement of Receipts and Disbursements (All Funds) of the Town of Sherman, Mississippi as of September 30, 2014, and the related notes to the financial statement 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 Statement 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 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.

We draw attention to Note A of the financial statement, which describes the basis of accounting. The statement of cash receipts and disbursements 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.

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

Required Supplementary Information

The Mississippi Office of the State Auditor requires that the Schedule of Long Term Debt and Schedule of Surety Bonds for Town Officials on pages 10 and 11 be presented to supplement the basic financial statement. Such information, although not a part of the basic financial statement, is required by the Mississippi Office of the State Auditor who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational,

economic, or historical context. This information 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, conclusion, nor provide any form of assurance on such information.

Watkins Wilkerson, PLLC

Tupelo, Mississippi

June 29, 2016

TOWN OF SHERMAN, MISSISSIPPI
COMBINED STATEMENT OF RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
September 30, 2014

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Totals (Memorandum Only)</u>
Revenue Receipts			
General property taxes	\$ 129,577	\$ -	\$ 129,577
Penalties & interest	1,453	-	1,453
Licenses & permits	17,095	-	17,095
In lieu of taxes	25,206	-	25,206
 State Shared Revenue			
Sales tax	139,855	-	139,855
Homestead exemption reimbursements	3,212	-	3,212
General municipal aid	2,101	-	2,101
Fire protection allocation	5,542	-	5,542
Police department of public safety	47,968	-	47,968
 Reimbursements from County			
Fire protection allocation	6,000	-	6,000
 Charges for Services			
Water & sewer	-	258,833	258,833
Tapping & cut off fees	-	2,600	2,600
Park & recreation	8,679	-	8,679
			-
Miscellaneous			
Franchise fees	5,033	-	5,033
Mortgage payments income	880	-	880
ARC grant	-	27,634	27,634
CDBG	-	81,165	81,165
MDA cap loans	-	-	-
Interest income	220	146	366
Other	2,937	1,251	4,188
Fines	81,131	-	81,131
Library USDA grant	3,751	-	3,751
 Total Revenue Receipts	<u>\$480,640</u>	<u>\$371,629</u>	<u>\$ 852,269</u>

See accompanying notes and accountant's compilation report.

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TOWN OF SHERMAN, MISSISSIPPI
COMBINED STATEMENT OF RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
September 30, 2014

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Totals 2014</u>
Other Receipts			
Meter deposits	\$ -	\$ 2,450	\$ 2,450
Loan proceeds	-	71,561	71,561
	<hr/>	<hr/>	<hr/>
Total receipts	480,640	445,640	926,280
Cash balance - October 1, 2013	<u>224,944</u>	<u>156,197</u>	<u>381,141</u>
Total amount to account for	<u>\$705,584</u>	<u>\$601,837</u>	<u>\$ 1,307,421</u>
Operating Disbursements			
General government	140,675	-	140,675
Public Safety			
Police	258,392	-	258,392
Fire	16,848	-	16,848
Public works	47,870	-	47,870
Recreation	16,649	-	16,649
Library	3,910	-	3,910
Court	19,742	-	19,742
Enterprises			
Water & sewer	-	225,940	225,940
Interest on bonds & notes	<u>-</u>	<u>10,145</u>	<u>10,145</u>
Total operating disbursements	<u>\$504,086</u>	<u>\$236,085</u>	<u>\$ 740,171</u>

See accompanying notes and accountant's compilation report.

TOWN OF SHERMAN, MISSISSIPPI
COMBINED STATEMENT OF RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
September 30, 2014

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Totals 2014</u>
Other Disbursements			
Loan payments	\$ 11,081	\$ 37,849	\$ 48,930
Transfers	885	(885)	-
Capital outlay	48,063	185,640	233,703
Total other disbursements	<u>60,029</u>	<u>222,604</u>	<u>282,633</u>
Total disbursements	564,115	458,689	1,022,804
Cash balance - September 30, 2014	<u>141,469</u>	<u>143,148</u>	<u>284,617</u>
Total amount to account for	<u>\$ 705,584</u>	<u>\$ 601,837</u>	<u>\$ 1,307,421</u>

See accompanying notes and accountant's compilation report.

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TOWN OF SHERMAN, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENT
September 30, 2014

NOTE A – 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.

Reporting Entity

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

Fund Accounting

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity.

Basis of Accounting

The financial statement has been prepared on the cash receipts and disbursements basis, as prescribed by the Mississippi 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.

NOTE B – 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.

TOWN OF SHERMAN, MISSISSIPPI
SCHEDULE OF LONG TERM DEBT
September 30, 2014

	BALANCE OUTSTANDING 10/1/2013		TRANSACTIONS DURING FISCAL YEAR		BALANCE OUTSTANDING 9/30/2014
		ISSUED	REDEEMED		
BancorpSouth	\$ 48,373	\$ -	\$ 11,081		\$ 37,292
Berkadia	54,533	-	12,696		41,837
Cap loans	<u>470,107</u>	<u>71,561</u>	<u>25,153</u>		<u>516,515</u>
	<u>\$ 573,013</u>	<u>\$ 71,561</u>	<u>\$ 48,930</u>		<u>\$ 595,644</u>

See accountant's compilation report.

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TOWN OF SHERMAN, MISSISSIPPI
SCHEDULE OF SURETY BONDS
September 30, 2014

NAME	POSITION	COMPANY	BOND
Ben Logan	Mayor	Scott Insurance	\$ 50,000
Randy Bolen	Alderwoman	Scott Insurance	50,000
Todd McDonald	Alderman	Scott Insurance	50,000
Martha Swindle	Alderwoman	Scott Insurance	50,000
Harold Bullock	Alderman	Scott Insurance	50,000
Mike Swords	Alderwoman	Scott Insurance	50,000
Connie Allen	Town Clerk	CNA Surety	50,000
Jo Abbott	Deputy Town Clerk	CNA Surety	10,000
Jo Abbott	Court Clerk	CNA Surety	50,000
Connie Allen	Deputy Court Clerk	CNA Surety	10,000
Joel Spellins	Police Chief	CNA Surety	50,000
Police Department	Police Officers	CNA Surety	25,000

See accountant's compilation report.

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