



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. 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.

Mayor: Dock H. Gabbert
Town Clerk: Joanna James
Court Clerk: Joanna James
Water Supervisor: Shane Childs
Police Chief: Stan Evans

TOWN OF DERMA

**120 South Main Street
P.O. Box 98**

Aldermen: Mary Cole
Kathryn Ann Gibson
Howard Goodson
Aretha Herrod
David W. Martin

Derma, Mississippi 38839-0098

City Hall: 662-628-6635

Fax: 662-628-4101


March 6, 2018

Office of the State Auditor
P.O. Box 956
Jackson, MS 39205

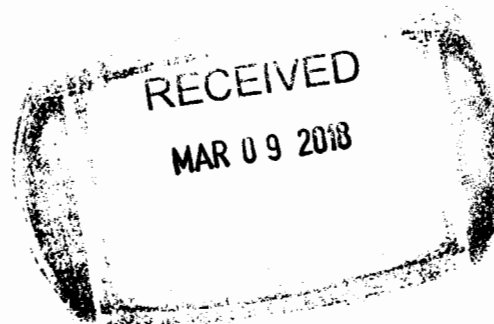
Re: Annual Municipal Audit

Accompanying this letter is two hard copies and 1 electronic copy of the annual compilation of the Town of Derma, Mississippi, for the fiscal year ended September 30, 2016. A separate management letter was not written to the Town of Derma in connection with this audit.

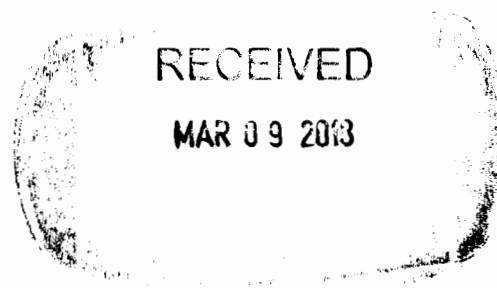
Sincerely,



Dock H. Gabbert, Mayor



TOWN OF DERMA, MISSISSIPPI
COMPILATION REPORT
AND REPORT ON AGREED UPON PROCEDURES
YEAR ENDED SEPTEMBER 30, 2016



Ronnie S. Windham CPA, PLLC
P.O. Box 159
Oxford, MS 38655

TOWN OF DERMA
TABLE OF CONTENTS

| | |
|--|---|
| Independent Accountants' Compilation Report | 1 |
| Statement of Cash Receipts and Disbursements- All Fund Types | 2 |
| Selected Notes to Financial Statements | 4 |
| Schedule of Investments- All Funds | 5 |
| Schedule of Long-Term Debt | 6 |
| Schedule of Surety Bonds for Municipal Officials | 7 |
| Report on Compliance with State Laws and Regulations | 8 |
| Independent Accountants' Report on Applying Agreed-Upon Procedures | 9 |

RSW RONNIE S. WINDHAM, CPA, PLLC

P.O BOX 159, OXFORD, MS 38655 (662) 281-1091 cell (662) 816-2562 fax (662) 269-4457

Member
American Institute of
Certified Public Accountants

Member
Mississippi State Society of
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Honorable Mayor Dock H. Gabbert
Board of Aldermen
Town of Derma
Derma, MS 38839

Management is responsible for the accompanying statement of cash receipts and disbursements of the governmental activities and the business-type activities of the Town of Derma, Mississippi, as of and for the year ended September 30, 2016, in accordance with the cash receipts and disbursements basis of accounting. 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 financial statements 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 these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The statement of cash receipts and disbursements is prepared in accordance with the cash receipts and disbursements basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The supplementary information contained on pages 5 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statement. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or any assurance on such supplementary information.

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

Management has also omitted the management's discussion and analysis and other required supplementary information that is required to be presented for purposes of additional analysis. Such 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.

In accordance with provisions of section 21-35-31, Mississippi Code Annotated (1972), we have issued a report February 13, 2018, on the results of our agreed upon procedures.

 CPA

Ronnie S. Windham, CPA, PLLC
Oxford, MS
February 13, 2018

RECEIVED

MAR 09 2018

Town of Derma
Combined Statement of Cash Receipts & Disbursements
(All Funds)
For the Year Ended September 30, 2016

| | <u>Governmental Fund Type</u> | <u>Proprietary Fund Type</u> | <u>Totals</u> |
|-----------------------------------|-----------------------------------|----------------------------------|----------------|
| | General | Water & Sewer | 2015-2016 |
| Cash Receipts | | | |
| Taxes | | | |
| General Property | 94,903 | | 94,903 |
| Penalties | 1,797 | | 1,797 |
| Licenses & Permits | | | |
| Utility Franchise Tax | 13,796 | | 13,796 |
| Licenses | 1,168 | | 1,168 |
| Fines and Forfeits | | | |
| Fines and Forfeits | 43,814 | | 43,814 |
| Intergovernmental Receipts | | | |
| Grants | | - | - |
| State Shared | | | |
| Sales Tax | 95,199 | | 95,199 |
| Fire Protection | 11,748 | | 11,748 |
| Municipal Aid | 3,586 | | 3,586 |
| Misc Income | 8,036 | | 8,036 |
| Enterprise Operations | | | |
| Water & Sewer Rev | | 337,955 | 337,955 |
| Sanitation | - | 61,195 | 61,195 |
| Interest | 135 | 257 | 392 |
| Loan Proceeds | | | - |
| Transfers | - | - | - |
| Total Cash Receipts | <u>274,182</u> | <u>399,407</u> | <u>673,589</u> |

See accompanying notes and independent accountants' compilation report

Town of Derma
Statement of Cash Receipts & Disbursements
(All Funds)
For the Year Ended September 30, 2016

| | <u>Governmental Fund Type</u> | <u>Proprietary Fund Type</u> | <u>Totals</u> |
|---------------------------------|-----------------------------------|----------------------------------|------------------|
| Cash Disbursements | | | |
| General | 68,721 | | 68,721 |
| Public Safety | | | |
| Police | 93,031 | | 93,031 |
| Fire | 19,722 | | 19,722 |
| Streets | 36,356 | | 36,356 |
| Recreation | | | |
| Parks | 122 | | 122 |
| Enterprise | | | |
| Water & Sewer | | 210,395 | 210,395 |
| Sanitation | - | 53,504 | 53,504 |
| Interest | | - | - |
| Operating Cash Disbursements | <u>217,952</u> | <u>263,899</u> | <u>481,851</u> |
| Other Cash Disbursements | | | |
| Interest | | 31,814 | 31,814 |
| Principal Payments | | 17,878 | 17,878 |
| Capital Expend | 3,999 | - | 3,999 |
| Transfers | <u>(7,691)</u> | <u>7,691</u> | <u>-</u> |
| Total Other Cash Disbursements | | | |
| Total Disbursements | <u>214,260</u> | <u>321,282</u> | <u>535,542</u> |
| Excess (Deficiency) of Receipts | | | |
| over disbursements | 59,922 | 78,125 | 138,047 |
| Cash at Beginning of Year | <u>420,903</u> | <u>670,393</u> | <u>1,091,296</u> |
| Cash at End of Year | <u>480,825</u> | <u>748,518</u> | <u>1,229,343</u> |

See accompanying notes and independent accountants' compilation report

RECEIVED
MAR 23 2017

TOWN OF DERMA
Selected Notes to Financial Statements
September 30, 2016

Note 1- Summary of significant accounting policies

Reporting Entity:

The financial statement for the town consists of all the funds of the town.

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

Fund Accounting:

The accounts of the town are organized on the basis of funds, 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. 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 for this report, into four generic fund types and two broad fund categories as follows:

Basis of Accounting

The financial statement is prepared on a 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

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.

RECEIVED
MAR 15 2017

**TOWN OF DERMA, MISSISSIPPI
SCHEDULE OF INVESTMENTS- ALL FUNDS
SEPTEMBER 30, 2016**

| | |
|-----------------------------------|-----------------|
| Governmental Fund Types | |
| Fire Fund-Certificate of Deposit | <u>\$16,711</u> |
| Total Governmental Fund Types | <u>\$16,711</u> |
| Proprietary Fund Types | |
| Water Fund-Certificate of Deposit | <u>\$83,602</u> |
| Total Proprietary Fund Types | <u>\$83,602</u> |

See accountants' compilation report

MAR 09 2017

Town of Derma
Schedule of Long Term Debt
Year Ended September 30, 2016

| Definition & Purpose | Balance 10/1/2015 | Transaction Issued | During Year | Balance 9/30/2016 |
|---------------------------------|------------------------------|-------------------------------|------------------------|------------------------------|
| 02-03-04, Rural Development | 752,679 | | 17,877 | 734,802 |
| | <u>\$ 752,679</u> | <u>\$ -</u> | <u>\$ 17,877</u> | <u>\$ 734,802</u> |

See accountants' compilation report

Town of Derma
Schedule of Surety Bonds for Town Officials
September 30, 2016

| Name | Position | Surety | Bond Amount |
|---------------------|--------------------------------------|-------------------|--------------------|
| Dock Gabbert | Mayor | Western Surety Co | \$ 25,000.00 |
| Shirley W. Herrod | Assistant Clerk | Western Surety Co | \$ 50,000.00 |
| Joanna R. James | City Clerk | Western Surety Co | \$ 50,000.00 |
| Joanna R. James | City Clerk & Water Bill Collector | Western Surety Co | \$ 50,000.00 |
| Shane Childs | Deputy Clerk | Western Surety Co | \$ 50,000.00 |
| Stan Evans | Chief of Police | Western Surety Co | \$ 50,000.00 |
| Juston Robertson | Policeman | Western Surety Co | \$ 50,000.00 |
| Corey Alexander | Policeman | Western Surety Co | \$ 50,000.00 |
| Bryan Roberts | Policeman | Western Surety Co | \$ 50,000.00 |
| Tony Sockwell | Policeman | Western Surety Co | \$ 50,000.00 |
| Joshua Hughes | Policeman | Western Surety Co | \$ 50,000.00 |
| David Martin | Alderman | Travelers | \$ 10,000.00 |
| Kendra Mays Wright | Alderman | Travelers | \$ 10,000.00 |
| Andrea K. Corbitt | Alderman | Travelers | \$ 10,000.00 |
| Albert G. Gibson Jr | Alderman | Travelers | \$ 10,000.00 |
| Aretha Herrod | Alderman | Travelers | \$ 10,000.00 |

RECEIVED
MAR 30 2017

See accountants' compilation report



RONNIE S. WINDHAM, CPA, PLLC

P.O BOX 159, OXFORD, MS 38655 (662) 281-1091 cell (662) 816-2562 fax (662) 269-4457

Member
American Institute of
Certified Public Accountants

Member
Mississippi State Society of
Certified Public Accountants

ACCOUNTANTS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

The Honorable Mayor and Board of Alderman
Town of Derma
Derma, MS

We have compiled the accompanying Statement of Cash Receipts and Disbursements-all fund types of the Town of Derma, Mississippi, for the year ended September 30, 2016, and have issued our report dated February 13, 2018. We conducted our compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

We have performed procedures to test compliance with certain state laws and regulations as described in the Municipal Compliance Guide 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 to express an opinion on the town's compliance with these requirements. Accordingly, we do not express an opinion.

The results of those procedures and our compilation of the cash receipts and disbursements disclosed no material instances noncompliance of 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.

Ronnie S. Windham, CPA, PLLC
Oxford, MS
February 13, 2018

RECEIVED
FEB 13 2018

RSW RONNIE S. WINDHAM, CPA, PLLC

P.O BOX 159, OXFORD, MS 38655 (662) 281-1091 cell (662) 816-2562 fax (662) 269-4457

Member
American Institute of
Certified Public Accountants

Member
Mississippi State Society of
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES FOR SMALL MUNICIPALITIES (TOWNS)

February 13, 2018

Honorable Mayor Dock H. Gabbert
Board of Aldermen
Town of Derma
Derma, Mississippi

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Derma, Mississippi, as of September 30, 2016, and for the year then ended, as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Mississippi Code Ann. (1972). It is understood the report is solely for the use of the governing body of the Town of Derma, Mississippi, and the Office of the State Auditor and should not be used.

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:

| BANK | FUND | BALANCE |
|----------|-----------------------|----------------|
| Renasant | General | 391,116 |
| Renasant | General | 11,430 |
| Renasant | General | 43,433 |
| Renasant | General | 172 |
| Renasant | General | 1,771 |
| Renasant | General | 16,711 |
| Renasant | General | 15,667 |
| | Total General | <u>480,300</u> |
| Renasant | Water & Sewer | 494,317 |
| Renasant | Water & Sewer | 82,797 |
| Renasant | Water & Sewer | 83,602 |
| Renasant | Water & Sewer | 29,587 |
| Renasant | Water & Sewer | 14,794 |
| Renasant | Water & Sewer | 14,794 |
| Renasant | Water & Sewer | 28,426 |
| | Total Water and Sewer | <u>748,317</u> |

We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:

- a. Verify use of certified county assessment rolls and trace levies to governing body minutes;
- b. Examined uncollected taxes for proper handling, including tax sales;
- c. Traced distribution of taxes collected to proper funds; and
- d. 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, and uncollected taxes were determined to be properly handled.

Ad valorem tax collections were found to be within the limitations of Section 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).

We obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated were traced to deposit in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

| | | |
|-----------------------|---------|----------|
| Fire Protection | General | \$ 6,574 |
| General Municipal Aid | General | 511 |
| Gasoline Tax | General | 3,075 |
| Homestead Exemption | General | 10,643 |
| TVA in Lieu of Taxes | General | 2,966 |
| Sales Tax | General | 95,198 |
| Other Aid | General | 3,244 |

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:

| | |
|------------------------|----------|
| Number of Sample Items | 30 |
| Dollar Value of Sample | \$37,086 |

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

We selected a sample of collection of fines and forfeitures and verified that the municipal court clerk had settled daily with the municipal clerk. I 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 abovementioned sections.

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 my attention that caused me to believe the items specified in paragraphs above should be adjusted. Had we performed additional procedures or had we conducted an audit of the financial statement in accordance with generally accepted auditing standards, matters might have come to my attention that would have been reported to you. This report should not be associated with the financial statements of the Town of Derma, Mississippi, for the year ended September 30, 2016.

Ronnie S. Windham CPA

Ronnie S. Windham, CPA, PLLC
February 13, 2018

2018 FEB 13
11:00 AM