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FINANCIAL STATEMENT

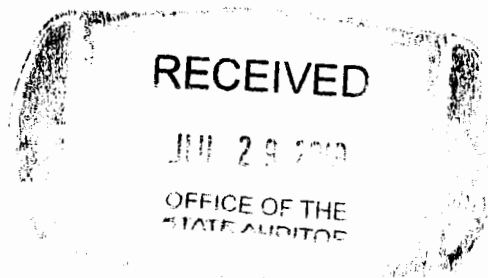
TOWN OF SHERMAN

September 30, 2017



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INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Office of the State Auditor, under the provisions of Section 21-35-31, Miss. Code Ann. (1972), on the Combined Statement of Receipts and Disbursements (All Funds) of Town of Sherman, Mississippi as of September 30, 2017. The sufficiency of these procedures is solely the responsibility the governing body of the Town of Sherman, Mississippi, and the Office of the State Auditor. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated 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	\$419,332
BancorpSouth	Water & Sewer System	\$163,778

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 \$63,877 and the Water and Sewer System has amounts of \$72,225, for a total of \$136,102. 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	\$ 3,432,621	35.23	\$ 120,931
Personal property and public utilities	3,291,777	35.23	115,969
Automobile (net of 5% collection fee)			<u>27,816</u>
Totals			264,716
Homestead exemption allowed			(11,734)
Prior year's collections			<u>16,757</u>
Total to be accounted for			<u>\$ 269,738</u>
Credits			
General fund			\$ 268,077
Balance Represented By			
Uncollected			<u>1,661</u>
Total accounted for			<u>\$ 269,738</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).

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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	44
Dollar value of sample	\$314,594

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, every other month, or every third month with the Department of Finance and Administration. There were instances when two or three monthly payments were made in one month but all payments through September 30, 2017 were paid.

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.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Combined Statement of Receipts and Disbursements (All Funds). Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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This report is intended solely for the information and use of the governing body of the Town of Sherman and the Office of the State Auditor and is not intended to be and should not be used by anyone other than those specified parties.

Tupelo, Mississippi
June 17, 2019

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TOWN OF SHERMAN, MISSISSIPPI

COMBINED STATEMENT OF RECEIPTS AND DISBURSEMENTS (ALL FUNDS)

For the Year Ended September 30, 2017

	Governmental Funds	Proprietary Funds	Total
Revenue Receipts			
General property taxes	\$ 283,224	\$ -	\$ 283,224
Penalties & interest	11,396	-	11,396
Licenses & permits	13,146	-	13,146
In lieu of taxes	22,523	-	22,523
State Shared Revenue			
Sales tax	384,047	-	384,047
Homestead exemption reimbursements	3,755	-	3,755
General municipal aid	152,273	-	152,273
Fire protection allocation	11,640	-	11,640
Police department of public safety	40,145	-	40,145
Library USDA grant	15,695	-	15,695
Reimbursements from County			
Fire protection allocation	2,000	-	2,000
Charges for Services			
Water & sewer	-	238,690	238,690
Tapping & cut off fees	-	2,650	2,650
Park & recreation	6,724	-	6,724
Miscellaneous			
Franchise fees	5,093	-	5,093
Mortgage payments income	-	-	-
Interest income	300	99	399
Other	20,322	4,092	24,414
Fines	52,721	-	52,721
Total revenue receipts	1,025,004	245,531	1,270,535

See accompanying notes and accountant's compilation report.

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TOWN OF SHERMAN, MISSISSIPPI

COMBINED STATEMENT OF RECEIPTS AND DISBURSEMENTS (ALL FUNDS) (Continued)

For the Year Ended September 30, 2017

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Other Receipts			
Meter deposits	-	3,650	3,650
Note receivable payments	960	-	960
Total receipts	1,025,964	249,181	1,275,145
Cash balance - October 1, 2016	354,152	110,014	464,166
Total amount to account for	<u>\$ 1,380,116</u>	<u>\$ 359,195</u>	<u>\$ 1,739,311</u>
Operating Disbursements			
General government	\$ 175,537	\$ -	\$ 175,537
Public Safety			
Police	259,994	-	259,994
Fire	37,855	-	37,855
Public works	139,556	-	139,556
Recreation	12,495	-	12,495
Library	5,450	-	5,450
Court	42,610	-	42,610
Enterprises			
Water & sewer	-	142,599	142,599
Interest on bonds & notes	-	10,382	10,382
Total operating disbursements	673,497	152,981	826,478

See accompanying notes and accountant's compilation report.

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TOWN OF SHERMAN, MISSISSIPPI

COMBINED STATEMENT OF RECEIPTS AND DISBURSEMENTS (ALL FUNDS) (Continued)

For the Year Ended September 30, 2017

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Other Disbursements			
Loan payments		32,936	32,936
Capital outlay	287,287	9,500	296,787
Total other disbursements	<u>287,287</u>	<u>42,436</u>	<u>329,723</u>
Total disbursements	960,784	195,417	1,156,201
Cash balance - September 30, 2017	<u>419,332</u>	<u>163,778</u>	<u>583,110</u>
Total amount accounted for	<u>\$ 1,380,116</u>	<u>\$ 359,195</u>	<u>\$ 1,739,311</u>

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See accompanying notes and accountant's compilation report.

TOWN OF SHERMAN, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENT

September 30, 2017

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.

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TOWN OF SHERMAN, MISSISSIPPI

SCHEDULE OF LONG TERM DEBT

September 30, 2017

	Balance Outstanding 10/1/2016	Transactions During Fiscal Year		Balance Outstanding 9/30/2017
		Issued	Redeemed	
Cap loans	<u>\$ 452,352</u>	<u>\$ -</u>	<u>\$ 32,936</u>	<u>\$ 419,416</u>

See accountant's compilation report.



TOWN OF SHERMAN, MISSISSIPPI

SCHEDULE OF SURETY BONDS

September 30, 2017

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Mike Swords	Mayor	Scott Insurance	\$ 50,000
Randy Bolen	Alderman	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
Todd McDonald	Alderman	Scott Insurance	50,000
Connie Allen	Town Clerk	CNA Surety	50,000
Jo Abbott	Deputy Town Clerk	CNA Surety	50,000
Jo Abbott	Court Clerk	CNA Surety	50,000
Connie Allen	Deputy Court Clerk	CNA Surety	50,000
Joel Spellins	Police Chief	CNA Surety	50,000
Police Department	Police Officers	CNA Surety	25,000

See accountant's compilation report.

