

## 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 REPORT**  
**TOWN OF SHERMAN**

**Sherman, Mississippi**

**September 30, 2022**

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204 South Main Street • P.O. Box 64  
Amory, MS 38821  
(662) 256-5603 • FAX (662) 256-5604  
[www.nmcpa.com](http://www.nmcpa.com)

#### **ACCOUNTANTS' COMPILATION REPORT**

To the Mayor and the Board of Alderpersons  
Town of Sherman  
Sherman, Mississippi

Management is responsible for the accompanying statement of cash receipts and disbursements of the governmental and business-type activities of the Town of Sherman, Mississippi for the year ended September 30, 2022, which collectively comprise the Town's basic financial statements as listed in the table of contents, 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 financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are 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.

The supplementary information contained on pages 8-10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Town officials have elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the cash 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 receipts and disbursements. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Town officials have omitted Management's Discussion and Analysis and other required supplementary information that is required to be presented for purposes of additional analysis. Such missing 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 the provisions of section 21-35-31, Mississippi Code Annotated (1972), we have issued a report dated January 10, 2024, on the results of our agreed upon procedures.

*Nail McKinney Professional Association*

Amory, Mississippi  
January 10, 2024

**TOWN OF SHERMAN, MISSISSIPPI**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES**

For the year ended September 30, 2022

(SEE ACCOUNTANTS' COMPILATION REPORT)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>General</u>		<u>Water &amp; Sewer</u>	
	<u>Fund</u>	<u>Total</u>	<u>Fund</u>	<u>Total</u>
<b>Receipts:</b>				
General property taxes	\$ 322,304	\$ 322,304	\$ -	\$ -
Penalties and interest	496	496	-	-
Licenses and permits	35,623	35,623	-	-
Payments in Lieu of taxes	3,272	3,272	-	-
<b>Intergovernmental revenues:</b>				
Federal revenues:				
Federal loan proceeds	-	-	61,475	61,475
State shared revenues:				
General municipal aid	90,357	90,357	-	-
Sales tax	688,036	688,036	-	-
Homestead exemption reimbursement	4,772	4,772	-	-
Police grant	23,263	23,263	-	-
Fire protection allocation	17,583	17,583	-	-
County shared revenues:				
Fire protection allocation	2,000	2,000	-	-
<b>Charges for services:</b>				
Water and sewer	-	-	241,583	241,583
Tapping and cut off	-	-	2,775	2,775
<b>Other receipts:</b>				
Interest	365	365	165	165
Mortgage payments income	960	960	-	-
State Mobilization Act	-	-	89,867	89,867
Court fines and fees	38,385	38,385	-	-
Nonadjudication fee	1,250	1,250	-	-
Meter deposits	-	-	2,550	2,550
Miscellaneous	3,923	3,923	16,589	16,589
<b>Total receipts</b>	<u>\$ 1,232,589</u>	<u>\$ 1,232,589</u>	<u>\$ 415,004</u>	<u>\$ 415,004</u>

**TOWN OF SHERMAN, MISSISSIPPI**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES**  
For the year ended September 30, 2022  
**(SEE ACCOUNTANTS' COMPILATION REPORT)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>General</u>		<u>Water &amp; Sewer</u>	
	<u>Fund</u>	<u>Total</u>	<u>Fund</u>	<u>Total</u>
<b>Disbursements:</b>				
General government	\$ 249,337	\$ 249,337	\$ -	\$ -
Public Safety:				
Police	288,586	288,586	-	-
Fire	24,267	24,267	-	-
Public works	228,078	228,078	-	-
Recreation	18,528	18,528	-	-
Library	5,292	5,292	-	-
Court	74,686	74,686	-	-
Enterprise:				
Water	-	-	209,036	209,036
<b>Total disbursements</b>	<u>888,774</u>	<u>888,774</u>	<u>209,036</u>	<u>209,036</u>
<b>Other financing uses:</b>				
Loan payment	28,876	28,876	31,740	31,740
Capital outlay	<u>152,601</u>	<u>152,601</u>	<u>115,375</u>	<u>115,375</u>
<b>Total other financing uses</b>	<u>181,477</u>	<u>181,477</u>	<u>147,115</u>	<u>147,115</u>
Excess of receipts and other financing sources over disbursements and other financing uses	162,338	162,338	58,853	58,853
Cash basis fund balance-beginning	<u>931,991</u>	<u>931,991</u>	<u>280,447</u>	<u>280,447</u>
Cash basis fund balance-ending	<u>\$ 1,094,329</u>	<u>\$ 1,094,329</u>	<u>\$ 339,300</u>	<u>\$ 339,300</u>

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**SUPPLEMENTARY INFORMATION**

**TOWN OF SHERMAN, MISSISSIPPI**  
**SCHEDULE OF INVESTMENTS**  
**September 30, 2022**

(SEE ACCOUNTANTS' COMPILATION REPORT)

<b>Ownership</b>	<b>Type of Investment</b>	<b>Interest Rate</b>	<b>Acquisition Date</b>	<b>Maturity Date</b>	<b>Other Information</b>	<b>Investment Cost/Value</b>
<b>GOVERNMENTAL ACTIVITIES:</b>						
General Fund	Certificate of Deposit	0.40%	09/08/08	04/08/23	Cadence	\$ 4,675
General Fund	Certificate of Deposit	0.20%	12/19/08	09/19/22	Cadence	\$ 5,750
General Fund	Certificate of Deposit	0.10%	03/29/22	03/29/23	Cadence	\$ 4,649
General Fund	Certificate of Deposit	0.80%	03/02/16	03/02/23	Cadence	\$ 14,891
General Fund	Certificate of Deposit	0.08%	11/07/96	11/07/22	Cadence	\$ 28,445
General Fund	Certificate of Deposit	0.05%	07/05/15	12/25/22	Cadence	\$ 6,247
<b>BUSINESS-TYPE ACTIVITIES:</b>						
Water & Sewer Fund	Certificate of Deposit	0.12%	03/20/15	03/29/23	Cadence	\$ 50,341
Water & Sewer Fund	Certificate of Deposit	0.20%	05/05/15	05/10/23	Cadence	\$ 22,285

**TOWN OF SHERMAN, MISSISSIPPI  
SCHEDULE OF LONG TERM DEBT  
For the year ended September 30, 2022**

(SEE ACCOUNTANTS' COMPILATION REPORT)

DEFINITION AND PURPOSE	Balance Outstanding October 1, 2021	Transactions During Fiscal Year		Balance Outstanding September 30, 2022
		Issued	Redeemed	
Bancorp South - Loan	\$ 28,876	\$ -	\$ 28,876	\$ -
MDA - Water & Sewer	139,121	-	24,736	114,385
MDA - Water & Sewer	101,468	-	7,004	94,464
BNA - Water & Sewer	-	61,475	-	61,475
	<u>\$ 269,465</u>	<u>\$ 61,475</u>	<u>\$ 60,616</u>	<u>\$ 270,324</u>

**TOWN OF SHERMAN, MISSISSIPPI**  
**SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS**  
For the year ended September 30, 2022

(SEE ACCOUNTANTS' COMPILATION REPORT)

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Mike Swords	Mayor	Scott Insurance	\$ 50,000
Randy Bolen	Alderman	Scott Insurance	\$ 50,000
Christie McDonald	Alderwoman	Scott Insurance	\$ 50,000
Martha Swindle	Alderwoman	Scott Insurance	\$ 50,000
Wayne Bullock	Alderman	Scott Insurance	\$ 50,000
Ronald Rogers	Alderman	Scott Insurance	\$ 50,000
Amanda Hodge	Town Clerk	First Choice Insurance	\$ 50,000
Amanda Hodge	Deputy Court Clerk	First Choice Insurance	\$ 50,000
Jo Abbott	Deputy Town Clerk	First Choice Insurance	\$ 50,000
Jo Abbott	Court Clerk	First Choice Insurance	\$ 50,000
Joel Spellins	Police Chief	First Choice Insurance	\$ 50,000
Police Department	Police Officers	First Choice Insurance	\$ 75,000
Clint Long	Public Works Director	First Choice Insurance	\$ 50,000
Jo Abbott	Water Deputy Clerk	First Choice Insurance	\$ 50,000
Chuck Thompson	Water Operations Asst.	First Choice Insurance	\$ 25,000

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**STATE AUDITOR COMPLIANCE**



204 South Main Street • P.O. Box 64  
Amory, MS 38821  
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## REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

To the Mayor and the Board of Alderpersons  
Town of Sherman, Mississippi

Management is responsible for 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 town officials of the Town of Sherman, Mississippi for the year ended September 30, 2022 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 financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

We have performed procedures to test compliance with certain state laws and regulations as described by 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 disclosed no material instances of noncompliance with the 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.

*Nail McKinney Professional Association*

Amory, Mississippi  
January 10, 2024

**INDEPENDENT ACCOUNTANTS' SPECIAL REPORT ON APPLYING  
AGREED-UPON PROCEDURES FOR SMALL TOWNS**

Mayor and Board of Alderpersons  
Town of Sherman, Mississippi  
Sherman, Mississippi

We have performed the procedures enumerated below to selected records of the Town of Sherman, Mississippi as of and for the year ended September 30, 2022. Town officials are responsible for the books and records of the Town and for compliance with laws and regulations to which the Town is subject.

Town officials of the Town of Sherman, Mississippi have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of testing compliance with the provisions of certain laws and regulations as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Miss. Code Ann. (1972). This report may not be suitable for any other purpose. The procedures performed may not address all items of interest to a user of this report and may not meet the needs of all users of this report, and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. We reconciled cash on deposit with the following banks to balances in the respective general ledger accounts and confirmed balances with the applicable banks by review of statements available through the bank's online banking application:

Bank	Fund	Balance per General Ledger
Cadence	General	\$ 1,094,329
Cadence	Water & Sewer	\$ 339,300

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 \$64,657 and the Water and Sewer Fund has Certificates in the amount of \$72,626, for a total of \$137,283. All investment transactions during the year were examined for compliance with Section 21-33-323, Miss. Code Ann. (1972), without exception.
3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year.
  - a. Verified use of certified county assessment rolls and traced levies to governing body

- minutes; Traced distribution of taxes collected to proper funds; and
- b. Analyzed increase in taxes for most recent period for compliance 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.

4. We obtained a statement of payments made by the Department of Finance and Administration to the municipality from the Transparency Mississippi website. Payments 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. We selected 60 purchases from the General Fund and 60 purchases from the Water & Sewer Fund. Each sample item was evaluated for proper approval and 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	120
Total dollar value of sample	\$ 138,174

No exceptions were identified in conjunction with the purchase testing outlined above.

6. We selected a sample of 10 collections of fines and forfeitures and verified agreement to court documentation and traced payment to the Town bank statement and general ledger. Also noted that the Town does not have a separate municipal court clerk and municipal clerk, therefore daily settlement with municipal clerk is not applicable. We also selected a sample of 10 state-imposed court assessments collected and determined that the municipal clerk had settled monthly with the Department of Finance and Administration without exception.
7. We read the Municipal Compliance Questionnaire completed by the municipality, noting that the Municipal Compliance Questionnaire was completed, signed, and recorded in the board's minutes and that testing procedures performed did not identify any instances of noncompliance required to be reported.

We were engaged by the Town of Sherman to perform this agreed-upon procedures engagement and conducted our engagement 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 engagement, the objective of which would be the expression of an opinion or conclusion, respectively on the Town's compliance with the laws and regulations tested, on the records subjected to testing, or on the financial information included in this report. 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. This report should not be associated with the financial statements of the Town of Sherman, Mississippi, for the year ended September 30, 2022.

We are required to be independent of the Town of Sherman and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

*Nail McKinney Professional Association*

Amory, Mississippi  
January 10, 2024