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FINANCIAL STATEMENT

TOWN OF SHERMAN

September 30, 2016

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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, 2016. 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	\$354,152
BancorpSouth	Water & Sewer System	\$110,014

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 \$63,743 and the Water and Sewer System has amounts of \$72,160, for a total of \$135,903. 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:

	Taxable Assessed Value	Millage	Tax
Real property	\$ 3,476,748	35.23	\$ 122,486
Personal property and public utilities	2,676,841	35.23	94,305
Automobile (net of 5% collection fee)	648,948	35.23	<u>22,862</u>
Totals			239,653
Homestead exemption allowed			(10,926)
Prior year's collections			<u>18,688</u>
Total to be accounted for			<u><u>\$ 247,415</u></u>
Credits			
General fund			\$ 225,468
Balance Represented By			
Uncollected			22,220
Overcollected			<u>(273)</u>
Total accounted for			<u><u>\$ 247,415</u></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	20
Dollar value of sample	\$126,408

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, 2016 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.

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.

Watkins Mikusall, PLLC

Tupelo, Mississippi
December 12, 2017

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, 2016, 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 Combined Statement of Receipts and Disbursements (All Funds) 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 Combined Statement of Receipts and Disbursements (All Funds).

We draw attention to Note A of the financial statement, which describes the basis of accounting. The Combined Statement of Receipts and Disbursements (All Funds) 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 11 and 12 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
December 12, 2017

TOWN OF SHERMAN, MISSISSIPPI**COMBINED STATEMENT OF RECEIPTS AND DISBURSEMENTS (ALL FUNDS)**

For the Year Ended September 30, 2016

	Governmental Funds	Proprietary Funds	Total
Revenue Receipts			
General property taxes	\$ 225,468	\$ -	\$ 225,468
Penalties & interest	2,252	-	2,252
Licenses & permits	9,260	-	9,260
In lieu of taxes	19,253	-	19,253
State Shared Revenue			
Sales tax	385,115	-	385,115
Homestead exemption reimbursements	3,676	-	3,676
General municipal aid	2,274	-	2,274
Fire protection allocation	4,169	-	4,169
Police department of public safety	62,893	-	62,893
Reimbursements from County			
Fire protection allocation	10,000	-	10,000
Charges for Services			
Water & sewer	-	234,564	234,564
Tapping & cut off fees	-	3,125	3,125
Park & recreation	2,960	-	2,960
Miscellaneous			
Franchise fees	4,797	-	4,797
Mortgage payments income	(5,066)	-	(5,066)
Interest income	460	116	576
Other	5,864	2,083	7,947
Fines	71,205	-	71,205
Total revenue receipts	804,580	239,888	1,044,468

See accompanying notes and accountant's compilation report.

TOWN OF SHERMAN, MISSISSIPPI

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

For the Year Ended September 30, 2016

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Other Receipts			
Meter deposits	-	2,400	2,400
Note receivable payments	<u>5,706</u>	<u>-</u>	<u>5,706</u>
Total receipts	810,286	242,288	1,052,574
Cash balance - October 1, 2015	<u>173,969</u>	<u>122,800</u>	<u>296,769</u>
Total amount to account for	<u><u>\$ 984,255</u></u>	<u><u>\$ 365,088</u></u>	<u><u>\$ 1,349,343</u></u>
Operating Disbursements			
General government	\$ 153,932	\$ -	\$ 153,932
Public Safety			
Police	233,081	-	233,081
Fire	20,139	-	20,139
Public works	87,102	-	87,102
Recreation	14,101	-	14,101
Library	5,727	-	5,727
Court	35,271	-	35,271
Enterprises			
Water & sewer	-	184,326	184,326
Interest on bonds & notes	<u>-</u>	<u>11,402</u>	<u>11,402</u>
Total operating disbursements	549,353	195,728	745,081

See accompanying notes and accountant's compilation report.

TOWN OF SHERMAN, MISSISSIPPI

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

For the Year Ended September 30, 2016

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Other Disbursements			
Loan payments	27,439	59,346	86,785
Capital outlay	<u>53,311</u>	<u>-</u>	<u>53,311</u>
Total other disbursements	<u>80,750</u>	<u>59,346</u>	<u>140,096</u>
Total disbursements	630,103	255,074	885,177
Cash balance - September 30, 2016	<u>354,152</u>	<u>110,014</u>	<u>464,166</u>
Total amount accounted for	<u><u>\$ 984,255</u></u>	<u><u>\$ 365,088</u></u>	<u><u>\$ 1,349,343</u></u>

See accompanying notes and accountant's compilation report.

TOWN OF SHERMAN, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENT

September 30, 2016

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, 2016

	Balance Outstanding 10/1/2015	Transactins During Fiscal Year		Balance Outstanding 9/30/2016
		Issued	Redeemed	
BancorpSouth	\$ 27,439	\$ -	\$ 27,439	\$ -
Berkadia	26,945	-	26,945	-
Cap loans	484,753	-	32,401	452,352
	<u>\$ 539,137</u>	<u>\$ -</u>	<u>\$ 86,785</u>	<u>\$ 452,352</u>

See accountant's compilation report.

TOWN OF SHERMAN, MISSISSIPPI

SCHEDULE OF SURETY BONDS

September 30, 2016

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Ben Logan	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
Mike Swords	Alderman	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.