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**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

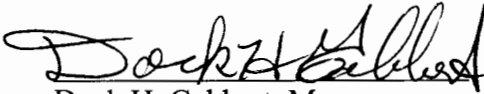
September 4, 2019

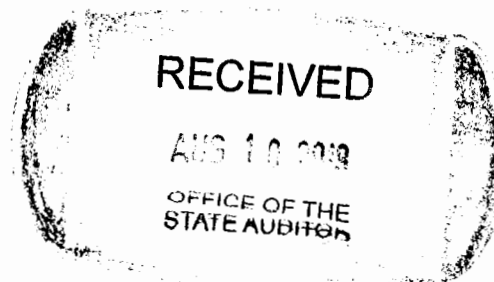
Office of the State Auditor  
P.O. Box 956  
Jackson, MS 39205

Re: Annual Municipal Audit

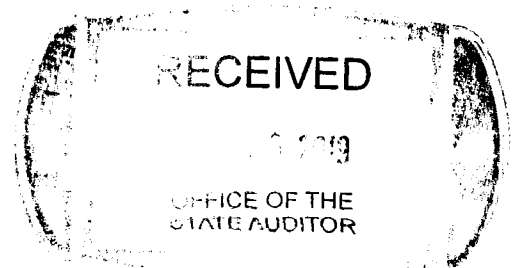
Accompanying this letter is two hard copies and 1 electronic copy of the annual compilation of the Town of Derma, Mississippi, for the fiscal year ended September 30, 2018. A separate management letter was not written to the Town of Derma in connection with this audit.

Sincerely,

  
Dock H. Gabbert, Mayor



**TOWN OF DERMA, MISSISSIPPI**  
**COMPILATION REPORT**  
**AND REPORT ON AGREED UPON PROCEDURES**  
**YEAR ENDED SEPTEMBER 30, 2018**



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

**TOWN OF DERMA**  
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# 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, 2018, 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. This is intended to comply with the Office of State Auditor

The supplementary information contained on pages 5 through 7 is presented in compliance with the requirements of the Office of State Auditor and has been compiled from the information that is the representation of management and is not a required part of the basic financial statement. 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 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 August 30, 2019, on the results of our agreed upon procedures.

 CPA

Ronnie S. Windham, CPA, PLLC  
Oxford, MS  
August 30, 2019

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Town of Derma  
**Combined Statement of Cash Receipts & Disbursements**  
**(All Funds)**  
**For the Year Ended September 30, 2018**

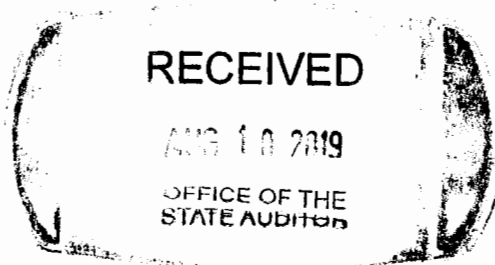
	<u>Government al Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Totals</u>
	General	Water & Sewer	2017-2018
<b>Cash Receipts</b>			
<b>Taxes</b>			
General Property	91,893		91,893
Penalties	1,305		1,305
<b>Licenses &amp; Permits</b>			
Utility Franchise Tax	16,442		16,442
Licenses	2,016		2,016
<b>Fines and Forfeits</b>			
Fines and Forfeits	23,820		23,820
<b>Intergovernmental Receipts</b>			
Grants	4,143	-	4,143
<b>State Shared</b>	-		
Sales Tax	100,597		100,597
Fire Protection	22,896		22,896
Municipal Aid	3,589		3,589
Misc Income	642		642
<b>Enterprise Operations</b>			
Water & Sewer Rev	-	323,799	323,799
Sanitation	-	59,657	59,657
Interest	587	1,014	1,601
Loan Proceeds			-
Transfers	59,657	60,336	119,993
<b>Total Cash Receipts</b>	<u>327,587</u>	<u>444,806</u>	<u>772,393</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, 2018

	<u>Government al Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Totals</u>
<b>Cash Disbursements</b>			
General	77,375		77,375
Public Safety			
Police	92,592		92,592
Fire	8,992		8,992
Streets	28,645		28,645
Recreation			
Parks	36		36
Enterprise			
Water & Sewer		128,503	128,503
Sanitation	-	70,522	70,522
Interest		-	-
Operating Cash Disbursements	<u>207,640</u>	<u>199,025</u>	<u>406,665</u>
Other Cash Disbursements			
Interest		27,634	27,634
Principal Payments		22,058	22,058
Capital Expend	-	-	-
Transfers	<u>52,758</u>	<u>119,993</u>	<u>172,751</u>
Total Disbursements	<u>260,398</u>	<u>368,710</u>	<u>629,108</u>
Excess (Deficiency) of Receipts over disbursements	67,189	76,096	143,285
Cash at Beginning of Year	<u>539,339</u>	<u>844,069</u>	<u>1,383,408</u>
Cash at End of Year	606,528	920,165	1,526,693

See accompanying notes and independent accountants' compilation report



**TOWN OF DERMA**  
Selected Notes to Financial Statements  
September 30, 2018

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*

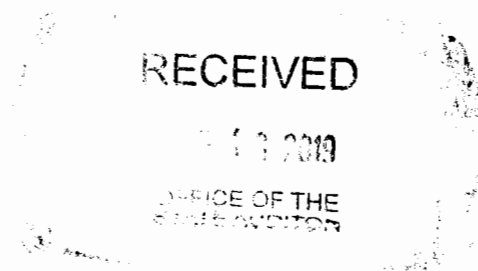
Receipts and disbursements were classified according to requirements for small towns in the state of Mississippi as prescribed by the Office of the State Auditor.



**TOWN OF DERMA, MISSISSIPPI  
SCHEDULE OF INVESTMENTS- ALL FUNDS  
SEPTEMBER 30, 2018**

Governmental Fund Types	
Fire Fund-Certificate of Deposit	<u>\$16,801</u>
Total Governmental Fund Types	\$16,801
Proprietary Fund Types	
Water Fund-Certificate of Deposit	<u>\$83,294</u>
Total Proprietary Fund Types	\$83,294

See accountants' compilation report



Schedule of Long Term Debt  
Year Ended September 30, 2018

Definition & Purpose	Balance 10/1/2017	Transaction Issued	During Year	Balance 9/30/2018
02-03-04, Rural Development	719,163		22,058	697,105
	<u>\$ 719,163</u>	<u>\$ -</u>	<u>\$ 22,058</u>	<u>\$ 697,105</u>

See accountants' compilation report

**Town of Derma**  
**Town of Derma**  
**Schedule of Surety Bonds for Town Officials**  
**September 30, 2018**

<b>Name</b>	<b>Position</b>	<b>Surety</b>	<b>Bond Amount</b>
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
Stephen Faddock	Chief of Police	Western Surety Co	\$ 50,000.00
Kenneth W. Scott, Jr	Policeman	Western Surety Co	\$ 50,000.00
Corey Alexander	Policeman	Western Surety Co	\$ 50,000.00
Latana Williams	Policeman	Western Surety Co	\$ 50,000.00
David Martin	Alderman	Travelers	\$ 10,000.00
Albert G. Gibson Jr	Alderman	Travelers	\$ 10,000.00
Aretha Herrod	Alderman	Travelers	\$ 10,000.00
Howard Goodson	Alderman	Travelers	\$ 10,000.00
Kathryn Gibson	Alderman	Travelers	\$ 10,000.00
Mary Cole	Alderman	Travelers	\$ 10,000.00

See accountants' compilation report

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## ACCOUNTANTS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

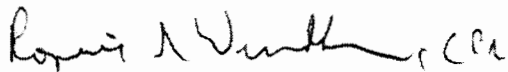
The Honorable Mayor and Board of Alderman  
Town of Derma  
Derma, MS

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, 2018, and have issued our report dated August 30, 2019. 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  
August 30, 2019



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

August 30, 2019

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, 2018, 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	484,382
Renasant	General	111
Renasant	General	74,250
Renasant	General	171
Renasant	General	10,708
Renasant	General	1,771
Renasant	General	17,784
	Total General	<u>589,178</u>
Renasant	Water & Sewer	644,072
Renasant	Water & Sewer	85,081
Renasant	Water & Sewer	34,739
Renasant	Water & Sewer	17,370
Renasant	Water & Sewer	17,369
Renasant	Water & Sewer	38,043
	Total Water and Sewer	<u>836,673</u>

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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	\$ 5,851
General Municipal Aid	General	511
Gasoline Tax	General	3,075
Homestead Exemption	General	11,465
TVA in Lieu of Taxes	General	5,099
Sales Tax	General	100,597
Public Safety Grant	General	830

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	\$49,070

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.

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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, 2018.

*Ronnie S. Windham CPA*

Ronnie S. Windham, CPA, PLLC  
August 30, 2019

