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FINANCIAL STATEMENT

TOWN OF SHERMAN

September 30, 2019

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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 on the accounting records of the Town of Sherman, Mississippi (the "Town") for the year ended September 30, 2019. The Town's management is responsible for the accounting records.

The Town has agreed to and acknowledged that the procedures are appropriate to meet the intended purpose 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 the 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 obtained confirmation of the related balances from the bank.

Bank	Fund	Balance per General Ledger
BancorpSouth	General	\$ 449,214
BancorpSouth	Water & Sewer	\$ 165,185

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 \$64,181 and the Water and Sewer System has amounts of \$72,374, for a total of \$136,555. 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 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 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 items in sample	31
Dollar value of sample	\$ 373,477

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. All payments through September 30, 2019 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.

We were engaged by the Town of Sherman to perform this engagement to apply agreed-upon procedures 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 audit or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records of the Town of Sherman as of September 30, 2019. 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.

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 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 these specified parties.

Watkins Mikusall, PLLC

Tupelo, Mississippi
June 14, 2021

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

Management is responsible for the accompanying statement of receipts and disbursements (all funds) – cash basis of the Town of Sherman, Mississippi for the year ended September 30, 2019, 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 financial statement 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 the statement of receipts and disbursements (all funds) – cash basis.

We draw attention to Note A of the financial statement, which describes the basis of accounting. The financial statement 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 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 9 and 10 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. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any form of assurance on such information.

Watkins Uiberall, PLLC

Tupelo, Mississippi
June 14, 2021

TOWN OF SHERMAN, MISSISSIPPI

STATEMENT OF RECEIPTS AND DISBURSEMENTS (ALL FUNDS)

For the Year Ended September 30, 2019

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Revenue Receipts			
General property taxes	\$ 280,976	\$ -	\$ 280,976
Penalties and interest	1,232	-	1,232
Licenses and permits	4,925	-	4,925
In lieu of taxes	24,602	-	24,602
State Shared Revenue			
Sales tax	480,267	-	480,267
Homestead exemption reimbursements	4,365	-	4,365
General municipal aid	1,949	-	1,949
Fire protection allocation	45,638	-	45,638
Police department of public safety	93,374	-	93,374
Reimbursements from County			
Fire protection allocation	10,000	-	10,000
Charges for Services			
Water and sewer	-	251,551	251,551
Tapping and cut off fees	-	1,725	1,725
Parks and recreation	383	-	383
Miscellaneous			
Franchise fees	6,581	-	6,581
Mortgage payments income	960	-	960
Interest income	737	379	1,116
Other	11,331	27,827	39,158
Fines	31,994	-	31,994
Total revenue receipts	999,314	281,482	1,280,796

See accompanying notes and accountant's compilation report.

TOWN OF SHERMAN, MISSISSIPPI

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

For the Year Ended September 30, 2019

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Other Receipts			
Meter deposits	-	3,100	3,100
Total receipts	999,314	284,582	1,283,896
Cash balance - October 1, 2018	350,348	202,620	552,968
Total amount to account for	<u>\$ 1,349,662</u>	<u>\$ 487,202</u>	<u>\$ 1,836,864</u>
Operating Disbursements			
General government	\$ 190,633	\$ -	\$ 190,633
Public Safety			
Police	275,904	-	275,904
Fire	29,727	-	29,727
Public works	140,103	-	140,103
Recreation	6,860	-	6,860
Library	3,481	-	3,481
Court	30,810	-	30,810
Enterprises			
Water & sewer	-	202,012	202,012
Interest on bonds & notes	<u>5,698</u>	<u>10,237</u>	<u>15,935</u>
Total operating disbursements	683,216	212,249	895,465

See accompanying notes and accountant's compilation report.

TOWN OF SHERMAN, MISSISSIPPI

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

For the Year Ended September 30, 2019

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Other Disbursements			
Loan payments	29,002	75,532	104,534
Capital outlay	<u>188,230</u>	<u>34,236</u>	<u>222,466</u>
Total other disbursements	<u>217,232</u>	<u>109,768</u>	<u>327,000</u>
Total disbursements	900,448	322,017	1,222,465
Cash balance - September 30, 2019	<u>449,214</u>	<u>165,185</u>	<u>614,399</u>
Total amount accounted for	<u>\$ 1,349,662</u>	<u>\$ 487,202</u>	<u>\$ 1,836,864</u>

See accompanying notes and accountant's compilation report.

TOWN OF SHERMAN, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENT

September 30, 2019

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, 2019

	Balance Outstanding Oct. 1, 2018	Transactions During Fiscal Year		Balance Outstanding Sept. 30, 2019
		Issued	Redeemed	
Cap loans	\$ 382,675	\$ -	\$ 75,532	\$ 307,143
Bank loan	123,244	-	29,002	94,242
Total long-term debt	<u>\$ 505,919</u>	<u>\$ -</u>	<u>\$ 104,534</u>	<u>\$ 401,385</u>

See accountant's compilation report.

TOWN OF SHERMAN, MISSISSIPPI

SCHEDULE OF SURETY BONDS

September 30, 2019

<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
Ronald Rogers	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	75,000

See accountant's compilation report.