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TOWN OF DERMA, MISSISSIPPI

COMPILATION REPORT
AND REPORT ON AGREED UPON PROCEDURES

YEAR ENDED SEPTEMBER 30, 2020

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

TOWN OF DERMA
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RONNIE S. WINDHAM, CPA, PLLC

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Honorable Mayor and Board of Aldermen
Town of Derma
P. o. Box 95
Derma, MS 38839

Management is responsible for the accompanying statement of cash receipts and disbursements of Town of Derma for the year ended September 30, 2020 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 statement of cash receipts and disbursements 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 the statement of cash receipts and disbursements.

The statement of cash receipts and disbursements 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 not presented government-wide financial statements to display the cash basis financial position and changes in cash basis financial position of its governmental activities and business-type activities. Accounting principles generally accepted in the United States of America, as applied to the Town's cash basis of accounting, require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements resulting from the cash basis transactions for the Town's governmental activities and business type activities are not reasonably determinable.

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.

The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subjected to our compilation engagement; however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

Management also has not presented management's discussion and analysis and other required supplemental information the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of the basic financial statements.

In accordance with the provisions of Section 21-35-31. Mississippi Code Annotated (1972), We have also issued a report dated October 4, 2021, on the results of our agreed-upon procedures.

Ronnie S. Windham, CPA, PLLC

Ronnie S. Windham, CPA, PLLC
Oxford, MS
October 4, 2021

Town of Derma
Combined Statement of Cash Receipts & Disbursements
 (All Funds)
 For the Year Ended September 30, 2020

	Governmen tal Fund Type	Proprietary Fund Type	Totals
	General	Water & Sewer	2018-2019
Cash Receipts			
Taxes			
General Property	96,374		96,374
Penalties	2,028		2,028
Licenses & Permits			
Utility Franchise Tax	16,071		16,071
Licenses	928		928
Fines and Forfeits			
Fines and Forfeits	13,371		13,371
Intergovernmental Receipts			
Grants	58,021	-	58,021
State Shared	-		
Sales Tax	109,344		109,344
Fire Protection	26,816		26,816
Municipal Aid	3,586		3,586
Misc Income	637		637
Enterprise Operations			
Water & Sewer Re	-	332,949	332,949
Sanitation	-	58,896	58,896
Interest	2,274	3,491	5,765
Loan Proceeds			-
Transfers	58,946	150,227	209,173
Total Cash Receipts	<u>388,396</u>	<u>545,563</u>	<u>933,959</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, 2020

	Governmen tal Fund Type	Proprietary Fund Type	Totals
Cash Disbursements			
General	76,102		76,102
Public Safety			
Police	109,557		109,557
Fire	7,265		7,265
Streets	71,398		71,398
Recreation			
Parks	-		-
Enterprise			
Water & Sewer		207,857	207,857
Sanitation	-	51,953	51,953
Interest		-	-
Operating Cash Disbursements	264,322	259,810	524,132
 Other Cash Disbursements			
Interest		24,005	24,005
Principal Payments		25,686	25,686
Capital Expend	-	-	-
Transfers	51,953	157,220	209,173
 Total Disbursements	316,275	466,721	782,996
 Excess (Deficiency) of Receipts over disbursements	72,121	78,842	150,963
Cash at Beginning of Year	657,488	963,317	1,620,805
Cash at End of Year	729,609	1,042,159	1,771,768

See accompanying notes and independent accountants' compilation report

TOWN OF DERMA
Selected Notes to Financial Statements
September 30, 2020

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. Governmental and Business 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.

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, 2020**

Governmental Fund Types	
Fire Fund-Certificate of Deposit	<u>\$17,701</u>
Total Governmental Fund Types	\$17,701
Proprietary Fund Types	
Water Fund-Certificate of Deposit	<u>\$85,496</u>
Total Proprietary Fund Types	\$85,496

See accompanying notes and accountants' compilation report

TOWN OF DERMA, MISSISSIPPI

Schedule of Long Term Debt

Year Ended September 30, 2020

Definition & Purpose	Balance 10/1/2019	Transaction Issued	During Year	Balance 9/30/2020
02-03-04, Rural Development	682,642		25,686	656,956
	<u>\$ 682,642</u>	<u>\$ -</u>	<u>\$ 25,686</u>	<u>\$ 656,956</u>

See accompanying notes and accountants' compilation report

TOWN OF DERMA, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
SEPTEMBER 30, 2020

Assistant Clerk	Western Surety Co	\$	50,000.00
City Clerk	Western Surety Co	\$	50,000.00
Notary	Western Surety Co	\$	5,000.00
Deputy Clerk	Western Surety Co	\$	50,000.00
Policeman	Western Surety Co	\$	50,000.00
Policeman	Western Surety Co	\$	50,000.00
Policeman	Western Surety Co	\$	50,000.00
Policeman	Western Surety Co	\$	50,000.00
Policeman	Western Surety Co	\$	50,000.00
Policeman	Western Surety Co	\$	50,000.00
Policeman	Western Surety Co	\$	50,000.00
Policeman	Western Surety Co	\$	50,000.00
Alderman	Travelers	\$	10,000.00
Alderman	Travelers	\$	10,000.00
Alderman	Travelers	\$	10,000.00
Alderman	Travelers	\$	10,000.00
Alderman	Travelers	\$	10,000.00
Office Assistance	Western Surety Co	\$	50,000.00
Office Assistance	Western Surety Co	\$	50,000.00

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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, 2020, and have issued our report dated October 4, 2021. 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

Ronnie S. Windham, CPA, PLLC
Oxford, MS
October 4, 2021

RONNIE S. WINDHAM, CPA, PLLC

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

October 4, 2021

Honorable Mayor Dock H. Gabbert
Board of Aldermen
Town of Derma
Derma, Mississippi

We have applied certain agreed-upon procedures, as discussed below which were agreed to by Office of the State Auditor, to the accounting records of the Town of Derma, Mississippi, as of September 30, 2020, and for the year then ended, solely to assist Office of State Auditor in evaluating the Town of Derma, Mississippi's compliance with certain laws and regulations. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Office of the State Auditor, State of Mississippi. 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.

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 or otherwise proved those bank balances. We verified that all investment transactions were in compliance with Section 21-33-323 Miss. Code Ann. (1972). No exceptions were noted.

<u>BANK</u>	<u>FUND</u>	<u>BALANCE</u>
Renasant	General	534,438
Renasant	General	1,386
Renasant	General	128,765
Renasant	General	171
Renasant	General	9
Renasant	General	395
Renasant	General	26,782
Renasant	General	20,015
Renasant	General	27
Renasant	Cert of Deposit	17,071
	Cash on Hand	550
	Total General	<u>729,609</u>

Renasant	Water & Sewer	769,044
Renasant	Water & Sewer	109,682
Renasant	Water & Sewer	15,036
Renasant	Water & Sewer	7,518
Renasant	Water & Sewer	7,518
Renasant	Water & Sewer	47,665
Renasant	Cert of Deposit	85,496
	Cash on Hand	200
	Total Water & Sewer	1,042,159

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	\$ 6,184
General Municipal Aid	General	511
Gasoline Tax	General	3,075
Homestead Exemption	General	12,748
TVA in Lieu of Taxes	General	5,682
Sales Tax	General	109,344
Grantor Payment	General	21,980
Transfer to Subgrantee	General	8,000

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

Dollar Value of Sample

\$55,535

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.

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, 2020.

This report is intended solely for the use of the Office of State Auditor, State of Mississippi and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their procedures. However, this report is a matter of public record and its distribution is not limited.



Ronnie S. Windham, CPA, PLLC
October 4, 2021