

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.

TOWN OF TERRY, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
AND
SPECIAL REPORT

SEPTEMBER 30, 2020

TOWN OF TERRY, MISSISSIPPI

TABLE OF CONTENTS

FINANCIAL SECTION	1
INDEPENDENT AUDITORS' REPORT	2-3
FINANCIAL STATEMENTS	4
Statement of Activities and Net Cash Position – Cash Basis	5-6
Statement of Cash Basis Assets and Fund Balances and Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental and Business-type Funds.....	7-9
Notes to Financial Statements	10-13
REQUIRED SUPPLEMENTARY INFORMATION	14
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) General Fund.....	15
Cemetery Fund.....	16
Notes to the Required Supplementary Information	17
OTHER REQUIRED SUPPLEMENTARY INFORMATION	18
Schedule of Changes in Long-term Debt	19
Schedule of Investments - All Funds.....	20
Schedule of Capital Assets	21
Schedule of Surety Bonds and Fidelity Bonds for Municipal Officials and Employees	22
SPECIAL REPORT	23
Independent Auditors' Report on Compliance with State Laws and Regulation	24-25
SCHEDULE OF FINDINGS.....	26-27

TOWN OF TERRY, MISSISSIPPI

FINANCIAL SECTION

Windham and Lacey, PLLC

Certified Public Accountants

2708 Old Brandon Road
Pearl, MS 39208
(601)939-8676 Fax (601)939-8761
windhamandlacey.com

P. O. Box 759
Crystal Springs, MS 39059
(601)892-4001 Fax (601)892-5978

Members:
American Institute of CPAs
Mississippi Society of CPAs

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of the Board of Aldermen
Town of Terry, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Terry, Mississippi, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements on the basis of cash receipts and disbursements; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Terry, Mississippi, as of September 30, 2020, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules be presented to supplement the basic financial statements. 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 appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

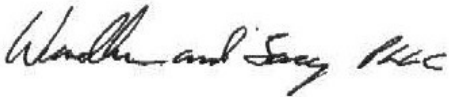
The Town of Terry, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

The Schedule of Changes in Long-term Debt, the Schedule of Investments-All Funds, the Schedule of Capital Assets, and the Schedule of Surety Bonds and Fidelity Bonds for Municipal Officials and Employees for the Town of Terry, Mississippi, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Emphasis of Matter

As discussed in Note 1, the Town of Terry, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.



Windham and Lacey, PLLC
October 31, 2022

TOWN OF TERRY, MISSISSIPPI

FINANCIAL STATEMENTS

TOWN OF TERRY, MISSISSIPPI
Statement of Activities and Net Cash Position - Cash Basis
As of and for the Year Ended September 30, 2020

		Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Cash Position			
		Cash Disbursements	Fines, Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs								
Governmental Activities:								
General government	\$	373,691	27,767			(345,924)	(345,924)	
Public safety		320,765			6,413	(314,352)	(314,352)	
Public works		117,549	12,300			(105,249)	(105,249)	
Interest on long-term debt		8,793				(8,793)	(8,793)	
Total Governmental Activities		<u>820,798</u>	<u>40,067</u>	<u>0</u>	<u>6,413</u>	<u>(774,318)</u>	<u>0</u>	<u>(774,318)</u>
Business-type Activities:								
Water, sewer and garbage		358,625	515,387				156,762	156,762
Interest on long-term debt		12,819					(12,819)	(12,819)
Total Business-type Activities		<u>371,444</u>	<u>515,387</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>143,943</u>	<u>143,943</u>
Total Government	\$	<u>1,192,242</u>	<u>555,454</u>	<u>0</u>	<u>6,413</u>	<u>(774,318)</u>	<u>143,943</u>	<u>(630,375)</u>
General Receipts								
Taxes:								
Property taxes						\$ 428,413		428,413
Sales tax						256,328		256,328
Franchise taxes						36,285		36,285
Grants and contributions not restricted to specific programs						51,382		51,382
Unrestricted investment income						199	672	871
Miscellaneous revenue						3,649		3,649
Transfers in (out)						<u>116,893</u>	<u>(116,893)</u>	
Total General Receipts						<u>893,149</u>	<u>(116,221)</u>	<u>776,928</u>
Change in Net Cash Position						118,831	27,722	146,553
Net Cash Position - Beginning						<u>353,960</u>	<u>264,228</u>	<u>618,188</u>
Net Cash Position - Ending						\$ <u>472,791</u>	<u>291,950</u>	<u>764,741</u>

(Continued)

TOWN OF TERRY, MISSISSIPPI
Statement of Activities and Net Cash Position - Cash Basis
As of and for the Year Ended September 30, 2020

ASSETS	
Cash and cash equivalents	\$ 503,282
Restricted cash	<u>261,459</u>
Total Assets	\$ <u><u>764,741</u></u>
NET CASH POSITION	
Restricted:	
Restricted for debt service	\$ 18,240
Restricted for public safety	25,218
Restricted for public works	64,696
Restricted for culture and recreation	153,305
Unrestricted	<u>503,282</u>
Total Net Cash Position	\$ <u><u>764,741</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF TERRY, MISSISSIPPI
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental and Business-type Funds
As of and for the Year Ended September 30, 2020

	<u>Governmental Activities</u>			<u>Business-type Activities</u>
	<u>Major Funds</u>		<u>Non-Major Funds</u>	<u>Major Fund</u>
	<u>General Fund</u>	<u>Cemetery Fund</u>	<u>Fire Protection Fund</u>	<u>Water, Sewer and Garbage Fund</u>
RECEIPTS				
Ad valorem taxes	\$ 428,413			428,413
Franchise taxes on utilities	36,285			36,285
License, permits, fines and fees	27,767			27,767
Intergovernmental revenues:				
State shared revenues:				
Sales tax	256,328			256,328
Homestead exemption reimbursement	14,062			14,062
General municipal aid	530			530
Gasoline tax	2,790			2,790
Fire rebate	6,413			6,413
Grand Gulf	8,869			8,869
Liquor tax	900			900
Modernization income	23,643			23,643
Other aid	587			587
Charges for services:				
Water, sewer and garbage				515,387
Cemetery		12,300		12,300
Interest income		199		199
Miscellaneous revenue	3,649			3,649
Total Receipts	<u>810,236</u>	<u>12,499</u>	<u>0</u>	<u>516,059</u>

(Continued)

TOWN OF TERRY, MISSISSIPPI
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental and Business-type Funds
As of and for the Year Ended September 30, 2020

	<u>Governmental Activities</u>				<u>Business-type Activities</u>
	<u>Major Funds</u>		<u>Non-Major Funds</u>		<u>Major Fund</u>
	<u>General Fund</u>	<u>Cemetery Fund</u>	<u>Fire Protection Fund</u>	<u>Total</u>	<u>Water, Sewer and Garbage Fund</u>
DISBURSEMENTS					
General government	358,853			358,853	
Public safety	309,536			309,536	
Public works	90,340	27,209		117,549	
Water, sewer and garbage:					
Maintenance, repairs and sanitation fees					288,014
Utilities					9,777
Total Disbursements	<u>758,729</u>	<u>27,209</u>	<u>0</u>	<u>785,938</u>	<u>297,791</u>
Excess of Receipts Over					
(Under) Disbursements	<u>51,507</u>	<u>(14,710)</u>	<u>0</u>	<u>36,797</u>	<u>218,268</u>
OTHER CASH SOURCES (USES)					
Principal paid on loans and lease purchases	(19,713)			(19,713)	(55,243)
Interest paid on loans and lease purchases	(8,793)			(8,793)	(12,819)
Capital outlay	(6,353)			(6,353)	(5,591)
Transfers	<u>83,410</u>	<u>27,209</u>	<u>6,274</u>	<u>116,893</u>	<u>(116,893)</u>
Total Other Cash Sources and (Uses)	<u>48,551</u>	<u>27,209</u>	<u>6,274</u>	<u>82,034</u>	<u>(190,546)</u>

(Continued)

TOWN OF TERRY, MISSISSIPPI
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental and Business-type Funds
As of and for the Year Ended September 30, 2020

	<u>Governmental Activities</u>				<u>Business-type Activities</u>
	<u>Major Funds</u>		<u>Non-Major Funds</u>		<u>Major Funds</u>
	<u>General Fund</u>	<u>Cemetery Fund</u>	<u>Fire Protection Fund</u>	<u>Total</u>	<u>Water, Sewer and Garbage Fund</u>
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	100,058	12,499	6,274	118,831	27,722
CASH BASIS FUND BALANCE - Beginning of Year	<u>282,819</u>	<u>52,197</u>	<u>18,944</u>	<u>353,960</u>	<u>264,228</u>
CASH BASIS FUND BALANCE - End of Year	<u>\$ 382,877</u>	<u>64,696</u>	<u>25,218</u>	<u>472,791</u>	<u>291,950</u>
CASH BASIS ASSETS - End of Year					
Cash and cash equivalents	\$ 229,572			229,572	273,710
Restricted cash	<u>153,305</u>	<u>64,696</u>	<u>25,218</u>	<u>243,219</u>	<u>18,240</u>
Total Cash Basis Assets	<u>\$ 382,877</u>	<u>64,696</u>	<u>25,218</u>	<u>472,791</u>	<u>291,950</u>
CASH BASIS FUND BALANCES - End of Year					
Restricted:					
Restricted for debt service	\$				18,240
Restricted for public safety			25,218	25,218	
Restricted for public works		64,696		64,696	
Restricted for culture and recreation	153,305			153,305	
Unassigned	<u>229,572</u>			<u>229,572</u>	<u>273,710</u>
Total Cash Basis Fund Balances	<u>\$ 382,877</u>	<u>64,696</u>	<u>25,218</u>	<u>472,791</u>	<u>291,950</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF TERRY, MISSISSIPPI

Notes to Financial Statements For the Year Ended September 30, 2020

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

The Town operates under an alderman/mayor form of government and provides all of the rights and privileges provided by statute for municipalities.

The financial statements of the Town have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

B. Government-wide and Fund Financial Statements.

The government-wide financial statements (i.e., the Statement of Net Cash Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental receipts, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Town combines the Statement of Activities and Statement of Net Cash Position.

The Statement of Activities demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. *Direct disbursements* are those that are clearly identifiable with a specific function or segment. *Program receipts* include (1) receipts from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as *general receipts*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation.

The government-wide financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when collected and disbursements are recorded when cash is spent.

Governmental fund financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when collected and disbursements are recorded when cash is spent.

The government reports the following major Governmental Funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *cemetery fund* accounts for activities for the operations of the Town cemetery.

TOWN OF TERRY, MISSISSIPPI

Notes to Financial Statements For the Year Ended September 30, 2020

The government reports the following major Proprietary Fund:

The *water, sewer and garbage fund* accounts for the activities of providing water, sewer and garbage services to citizens of the Town.

Amounts reported as *program receipts* include (1) receipts from customers or applicants for goods, services or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general receipts* rather than as program receipts.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Net Assets or Equity.

1. *Cash and Investments.*

The government's cash and cash equivalents are considered to be cash on hand or invested in certificates of deposit.

2. *Fund Equity.*

In accordance with Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Town classifies governmental fund balances as follows:

Restricted - Includes fund balance amounts that are constrained for specific purposes which are internally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The Town has \$261,459 reported as restricted cash basis fund balances.

Unassigned - Includes positive fund balance with the General Fund which has not been classified within the abovementioned categories and negative fund balances in other governmental funds.

The Town uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Town would first use committed, then assigned, and lastly, unassigned amounts of unrestricted fund balance when expenditures are made.

(2) Cash and Cash Equivalents.

At year-end, the Town's carrying amount of deposits was \$764,741 and the bank balance was \$774,450. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

TOWN OF TERRY, MISSISSIPPI

Notes to Financial Statements For the Year Ended September 30, 2020

Custodial Credit Risk - Deposits and Investments: Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on the behalf of the Town. As of September 30, 2020, none of the Town's bank balance of \$774,450 was exposed to custodial risk.

Interest Rate Risk: The Town does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The Town does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

(3) Defined Benefit Pension Plan.

Plan Description: The Town of Terry contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy: PERS members are required to contribute 9.00% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 17.40% of annual covered payroll. The contribution requirements of PERS' members are established and may be amended only by the State of Mississippi Legislature. The Town joined PERS in July of 2017. The Town's contributions to PERS for the years ended September 30, 2018, 2019, and 2020 were \$39,024, \$42,053 and \$52,805 respectively, which is equal to the required contributions for each year.

(4) Tax Abatements.

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement No. 77, *Tax Abatement Disclosures*. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forego tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Terry Board of Aldermen and the Hinds County Board of Supervisors negotiates property tax abatements on an individual basis. The Town has no tax abatement agreements with any entity as of September 30, 2020.

TOWN OF TERRY, MISSISSIPPI

**Notes to Financial Statements
For the Year Ended September 30, 2020**

(5) Subsequent Events.

Events that occur after the Statement of Net Cash Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Cash Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Town evaluated the activity of the Town through October 31, 2022, and determined that the following events occurred subsequent to the Statement of Net Cash Position date requiring disclosure in the notes to the financial statements:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
05/18/2021	3.75%	\$ 27,839	Lease purchase	Water, sewer and garbage revenue
10/15/2021	3.75%	\$ 70,170	Lease purchase	Ad valorem taxes

TOWN OF TERRY, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF TERRY, MISSISSIPPI
Budgetary Comparison Schedule -
Budget and Actual
General Fund - UNAUDITED
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Ad valorem taxes	\$ 495,775	495,775	428,413	(67,362)
Franchise taxes on utilities	39,900	39,900	36,285	(3,615)
License, permits, fines and fees	60,207	60,207	27,767	(32,440)
Intergovernmental revenues:				
State shared revenues:				
Sales taxes	341,250	341,250	256,328	(84,922)
Homestead exemption reimbursement	10,500	10,500	14,062	3,562
General municipal aid	1,103	1,103	530	(573)
Gasoline tax	5,250	5,250	2,790	(2,460)
Fire rebate	6,825	6,825	6,413	(412)
Grand Gulf	9,450	9,450	8,869	(581)
Liquor tax	2,100	2,100	900	(1,200)
Grants	52,500	52,500		(52,500)
Miscellaneous	8,053	8,053	27,879	19,826
Total Receipts	<u>1,032,913</u>	<u>1,032,913</u>	<u>810,236</u>	<u>(222,677)</u>
EXPENDITURES				
General government	385,802	385,802	358,853	(26,949)
Public safety	378,579	378,579	309,536	(69,043)
Public works	224,595	224,595	90,340	(134,255)
Total Expenditures	<u>988,976</u>	<u>988,976</u>	<u>758,729</u>	<u>(230,247)</u>
Excess of Receipts				
Over (Under) Expenditures	<u>43,937</u>	<u>43,937</u>	<u>51,507</u>	<u>7,570</u>
OTHER CASH SOURCES (USES)				
Principal paid on loans and lease purchases			(19,713)	(19,713)
Interest paid on loans and lease purchases			(8,793)	(8,793)
Capital outlay			(6,353)	(6,353)
Transfers in (out) to other funds			83,410	83,410
Total Other Cash Sources and Uses	<u>0</u>	<u>0</u>	<u>48,551</u>	<u>48,551</u>
Net Change in Cash Basis Fund Balance	43,937	43,937	100,058	56,121
Cash Basis Fund Balances - Beginning	<u>282,819</u>	<u>282,819</u>	<u>282,819</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 326,756</u>	<u>326,756</u>	<u>382,877</u>	<u>56,121</u>

The accompanying notes to the required supplementary information are an integral part of this schedule.

TOWN OF TERRY, MISSISSIPPI
Budgetary Comparison Schedule -
Budget and Actual
Cemetery Fund - UNAUDITED
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Cemetery	\$ 10,500	10,500	12,300	1,800
Interest			199	199
Total Receipts	<u>10,500</u>	<u>10,500</u>	<u>12,499</u>	<u>1,999</u>
EXPENDITURES				
Public works	<u>19,257</u>	<u>19,257</u>	<u>27,209</u>	<u>7,952</u>
Total Expenditures	<u>19,257</u>	<u>19,257</u>	<u>27,209</u>	<u>7,952</u>
Excess of Receipts Over (Under) Expenditures	<u>(8,757)</u>	<u>(8,757)</u>	<u>(14,710)</u>	<u>(5,953)</u>
OTHER CASH SOURCES (USES)				
Transfers in (out) to other funds			27,209	27,209
Total Other Cash Sources and Uses	<u>0</u>	<u>0</u>	<u>27,209</u>	<u>27,209</u>
Net Change in Cash Basis Fund Balance	(8,757)	(8,757)	12,499	21,256
Cash Basis Fund Balances - Beginning	<u>52,197</u>	<u>52,197</u>	<u>52,197</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 43,440</u>	<u>43,440</u>	<u>64,696</u>	<u>21,256</u>

The accompanying notes to the required supplementary information are an integral part of this schedule.

TOWN OF TERRY, MISSISSIPPI

Notes to the Required Supplementary Information For the Year Ended September 30, 2020 UNAUDITED

A. Budgetary Information.

Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Aldermen of the Town, using historical and anticipated fiscal data, prepares an original budget for the General Fund for said fiscal year. The completed budget for the fiscal year includes every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Aldermen that budgetary estimates will not be met, it may make revisions to the budget.

The Town's budget is prepared on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original adopted budget, the final adopted budget, actual amounts on a budgetary (Non-GAAP) basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and Cemetery Fund.

C. Budget Reconciliation.

As discussed in Note 1, the financial statements are prepared on the basis of cash receipts and disbursements which is the same as the basis used for budget preparation.

TOWN OF TERRY, MISSISSIPPI

OTHER REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF TERRY, MISSISSIPPI
Schedule of Changes in Long-term Debt - UNAUDITED
For the Year Ended September 30, 2020

Description	Outstanding Balance Sept. 30, 2019	Transactions During Fiscal Year	Outstanding Balance Sept. 30, 2020
		Redeemed	
Original amount \$453,881, payable \$2,296 a month at 2.00% interest. Final payment due October 2034. Due to State of Mississippi Development Authority.	\$ 356,451	21,059	335,392
Original amount \$533,274, payable \$2,799 a month at 2% interest with final payment due July 2030. Due to State of Mississippi Economic Development. Collateral is sales tax collections.	322,075	27,787	294,288
Original amount of \$320,000, payable \$1,920 a month at 3.75% interest with final payment due August 2032. Due to USDA. Collateral is the Fire Station/Public Works Building.	225,550	14,837	210,713
Original amount \$30,000, payable \$577 a month at 5.768% interest with final payment due June 01, 2021. Due to First Capital Equipment Leasing Government Obligation Contract.	12,010	6,397	5,613
Original amount \$26,432, payable \$497 a month at 4.75% interest with final payment due July 30, 2022. Due to Copiah Bank for lease purchase of police car.	15,725	4,876	10,849
Total	\$ <u>931,811</u>	<u>74,956</u>	<u>856,855</u>

TOWN OF TERRY, MISSISSIPPI
Schedule of Investments - All Funds - UNAUDITED
September 30, 2020

	<u>Deposit Amount</u>
Certificate of Deposit with Regions Bank, maturing January 24, 2021; Interest rate 0.10%	\$ <u>23,877</u>
	\$ <u><u>23,877</u></u>
Fund Recap:	
Cemetery Fund	\$ <u>23,877</u>
	\$ <u><u>23,877</u></u>

TOWN OF TERRY, MISSISSIPPI
Schedule of Capital Assets - UNAUDITED
For the Year Ended September 30, 2020

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Ending Balance</u>
Governmental Activities			
Capital Assets:			
Buildings and infrastructure	\$ 1,041,017		1,041,017
Machinery, equipment and vehicles	408,252	6,353	414,605
Furniture and fixtures	<u>31,123</u>		<u>31,123</u>
Total Governmental Activities Capital Assets	<u>\$ 1,480,392</u>	<u>6,353</u>	<u>1,486,745</u>
Business-type Activities			
Capital Assets:			
Water tanks, wells and lines	\$ 963,302		963,302
Sewer system	936,375		936,375
Machinery, equipment and vehicles	<u>56,035</u>	<u>5,591</u>	<u>61,626</u>
Total Business-type Activities Capital Assets	<u>\$ 1,955,712</u>	<u>5,591</u>	<u>1,961,303</u>

TOWN OF TERRY, MISSISSIPPI**Schedule of Surety Bonds and Fidelity Bonds for Municipal Officials and Employees - UNAUDITED****September 30, 2020**

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Surety Bond Coverage</u>
Virginia Bailey	Alderwoman	Travelers	\$ 50,000
April Miley	Alderwoman	Travelers	\$ 50,000
Connie Taylor	Alderwoman	Travelers	\$ 50,000
Terry Johnson	Alderman	Travelers	\$ 50,000
Randall Shepherd	Alderman	Travelers	\$ 50,000
Joseph Kendrick	Mayor	Travelers	\$ 50,000
Joseph Kendrick	Mayor (USDA Bond)	Travelers	\$ 18,000
Alexis Reed	City Clerk	Travelers	\$ 50,000
Alexis Reed	City Clerk (USDA Bond)	Travelers	\$ 18,000
DeJohn Hampton	Police Chief	Travelers	\$ 50,000
Stephanie Robinson	Deputy City Clerk	Travelers	\$ 50,000
Alicia Stamps	Deputy Court Clerk	Western	\$ 50,000

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Surety Bond Coverage</u>
Public Official or Employee	Mayor	RLI	\$ 50,000
Public Official or Employee	Town Clerk/Tax Collector	RLI	\$ 50,000
Public Official or Employee	Police Officers (Five)	RLI	\$ 10,000 Each

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Fidelity Bond Coverage</u>
Public Official or Employee	City Clerk/Tax Collector	RLI	\$ 50,000

TOWN OF TERRY, MISSISSIPPI

SPECIAL REPORT

Windham and Lacey, PLLC

Certified Public Accountants

2708 Old Brandon Road
Pearl, MS 39208
(601)939-8676 Fax (601)939-8761
windhamandlacey.com

P. O. Box 759
Crystal Springs, MS 39059
(601)892-4001 Fax (601)892-5978

Members:
American Institute of CPAs
Mississippi Society of CPAs

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Mayor and
Members of the Board of Aldermen
Town of Terry, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Terry, Mississippi, as of and for the year ended September 30, 2020, and have issued our report thereon dated October 31, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the procedures prescribed by the Office of the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. 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.

The results of those procedures and our audit of the general purpose financial statements disclosed the following instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses are as follows:

1. Finding

Fixed Assets

As reported in the prior year's audit report, Section II of the Municipal Audit and Accounting Guide provides prescribed procedures for accounting for fixed assets. The Town does not maintain a completed fixed assets ledger. The Town does not maintain an adequate fixed assets ledger containing all information required under the Municipal Audit and Accounting Guide and Section 21-17-5, Miss. Code Ann. (1972). In addition, the Town did not conduct an annual inventory of its assets in accordance with guidelines established by the Office of the State Auditor as required by the MAAG.

Recommendation

We recommend that the Town of Terry update their accounting for fixed assets and conduct an annual inventory of its assets as prescribed in the Municipal Audit and Accounting Guide.

Town of Terry's Response

The Town of Terry is currently working on getting their fixed assets subsidiary ledger in order to account for fixed assets and conduct an annual inventory of its assets in accordance with guidelines established by the Office of the State Auditor as required by the MAAG.

2. Finding

Solid Waste

As reported in the prior year's audit report, the Town of Terry has not published an itemized report of all revenues, costs and expenses incurred by the Town of Terry during the immediately preceding fiscal year in operating the garbage or rubbish collection or disposal system required by Section 17-17-348, Miss. Code Ann. (1972).

Recommendation

We recommend the Town of Terry publish an itemized report of all revenues, costs and expenses incurred by the Town of Terry during the immediately preceding fiscal year in operating the garbage or rubbish collection or disposal system required by Section 17-17-348, Miss. Code Ann. (1972).

Town of Terry's Response

The Town of Terry will publish an itemized report of all revenues, costs and expenses incurred by the Town of Terry during the immediately preceding fiscal year in operating the garbage or rubbish collection or disposal system required by Section 17-17-348, Miss. Code Ann. (1972).

3. Finding

Cemetery Fund Budget

The Town of Terry exceeded the amount appropriated and authorized to be expended in the budget of the Cemetery Fund in violation of the Municipal Auditing and Accounting Guide and Section 21-35-17, Miss. Code Ann. (1972).

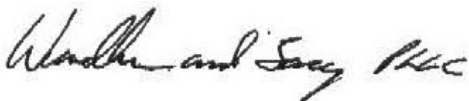
Recommendation

We recommend the Town of Terry not exceed the amount appropriated and authorized to be expended in the budget of the Cemetery Fund in violation of the Municipal Auditing and Accounting Guide and Section 21-35-17, Miss. Code Ann. (1972).

Town of Terry's Response

The Town of Terry will not exceed the amount appropriated and authorized to be expended in the budget of the Cemetery Fund in violation of the Municipal Auditing and Accounting Guide and Section 21-35-17, Miss. Code Ann. (1972).

This report is intended solely for the information and use of management 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. However, this report is a matter of public record and its distribution is not limited.



Windham and Lacey, PLLC
October 31, 2022

TOWN OF TERRY, MISSISSIPPI

SCHEDULE OF FINDINGS

TOWN OF TERRY, MISSISSIPPI

Schedule of Findings For the Year Ended September 30, 2020

Section 1: Summary of Auditors' Results

Financial Statements:

- | | | |
|----|----------------------------------------------------------------------------------------|---------------|
| 1. | Type of auditors' report issued on the primary government financial statements: | Unmodified |
| 2. | Internal control over financial reporting: | |
| a. | Material weaknesses identified? | No |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. | Noncompliance material to the financial statements? | No |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by Generally Accepted Auditing Standards accepted in the United States of America.