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**Compilation Report** 

For the Year Ended September 30, 2021

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To the Board of Aldermen Town of Algoma Algoma, Mississippi

Management is responsible for the accompanying financial statements of the governmental activities, and the aggregate remaining fund information of Town of Algoma, Mississippi, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents, 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. 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.

### **Supplementary Information**

Schedules of investments and capital assets on page 11 through page 12 are presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Mississippi State Auditor's office who considers it to be an essential part of financial reporting. 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, a conclusion, nor provide any form of assurance on such information.

Hayden Stegall

Certified Public Accountant

January 10, 2022

### TOWN OF ALGOMA, MISSISSIPPI STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2021

		Program	Cash Receip	ts				Net (Disburseme Changes in		
Function / Programs	Cash Disburseme	Charges for	Operating		Capital Grants and Contributions		Governmental Activities		Total	
PRIMARY GOVERNMENT										
Government activities:										
General government	\$ 134,862	\$ -	\$	•	\$	•	\$	(134,862)	\$	(134,862)
Public safety	14,161					•		(14,161)		(14,161)
Culture and recreation	4,329			-		-		(4,329)		(4,329)
Sanitation	575							(575)		(575)
Total Governmental Activities	\$ 153,927	\$ -	\$	•	\$	•	\$	(153,927)	_\$	(153,927)
Total Primary Government	\$ 153,927	\$ -	\$	-	\$		\$	(153,927)	\$	(153,927)
	General Rece	eipts:								
	Fines and	assessments					\$	3,255	\$	3,255
	MML Bon	d Reimburser	ment					1,000		1,000
	Other Rein	mbursements						1,362		1,362
	American	Rescue Plan	Act Funds					78,898		78,898
	Unrestrict	ed investment	income					162		162
	Intergover	nmental						78,320		78,320
	Miscelland	eous						1,052		1,052
	Interfund	loans						5,852		5,852
	Rent							927		927
		Fees - Cemeta	ry Plots					1,875		1,875
	Total Recei	pts					\$	172,703	\$	172,703
	Changes is	n Net Assets					\$	18,776	\$	18,776
	Net Assets a	t September	30, 2020					123,718	_	123,718
	Net Assets a	nt September	30, 2021				\$	142,494	\$	142,494

### TOWN OF ALGOMA, MISSISSIPPI STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2021

		Program (	Cash Receipts				
Function / Programs	Cash	Charges for	Operating Grants and	Capital Grants and	Gov	vernmental	
1 44404044 1 1 1 2 2 5 4 4 4 4 4	Disburseme		Contributions	Contributions	A	Activities	Total
(CONTINUED)							
ASSETS							
Cash and equivalents					\$	65,114	\$ 65,114
Restricted cash						77,380	77,380
Total Assets					\$	142,494	\$ 142,494
NET ASSETS							
Unrestricted						65,114	65,114
Total Net Assets					\$	65,114	\$ 65,114

### TOWN OF ALGOMA, MISSISSIPPI STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Governmental Activities							
	Major	Major Fund						
			Otl	ner				
	Ger	General Nonmajor						
	Fu	ind	Fur	nds		Total		
RECEIPTS								
Fines and assessments	\$	3,255	\$	•	\$	3,255		
MML Bond Reimbursement		1,000				1,000		
Other Reimbursements		1,362				1,362		
American Rescue Plan Act Funds		78,898				78,898		
Unrestricted investment income		162				162		
Intergovernmental		78,320				78,320		
Miscellaneous		1,052				1,052		
Interfund loans		5,852				5,852		
Rent		927				927		
Surveyor Fees - Cemetary Plots		1,875				1,875		
Total Receipts	\$	172,703	\$		\$	172,703		

### TOWN OF ALGOMA, MISSISSIPPI STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2021

		Governmental Activities  Major Fund				
	M					
			Ot	her		
		General	Non	THE PARTY OF THE P		
		Fund	Fu	nds		Total
DISBURSEMENTS						
General government	\$	134,862	\$	٠	\$	134,862
Public safety		14,161				14,161
Culture and recreation		4,329				4,329
Sanitation		575				575
Total Disbursements	\$	153,927	\$	•	\$	153,927
Excess of Receipts Over	0	10 776	•		•	19 776
(Under) Disbursements	<u>\$</u>	18,776	\$	-	\$	18,776
OTHER CASH SOURCES (USES)						
Capital outlay						
Interfund transfers		•	Ф	-	•	
Total Other Cash Sources (Uses)	\$	•	\$	•	\$	
Excess (Deficiency) of Receipts and						
Other Cash Sources Over Disbursements						
and Other Cash Uses	\$	18,776			\$	18,776
CASH BASIS FUND BALANCE, SEPTEMBER 30, 2020	_	123,718				123,718
CASH BASIS FUND BALANCE, SEPTEMBER 30, 2021	\$	142,494			\$	142,494

#### TOWN OF ALGOMA, MISSISSIPPI STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2021

Gove	rnmental A	ctiviti	es			
M	ajor Fund					
		Ot	her			
(	General	Non	najor			
Fund		Fu	nds	Total		
\$	65,114				65,114	
	77,380				77,380	
•	142 404	•		•	142 494	

# CASH BASIS ASSETS/FUND BALANCE - YEAR END

Cash and cash equivalents Restricted cash Total Cash Basis Assets

### Notes to Financial Statements September 30, 2021

# Note1 - Summary of Significant Accounting Policies

# A. Financial Reporting Entity

The Town of Algoma, Mississippi (the Town) was incorporated in 1987. The Town operates under a Mayor-Board of Alderman form of government and provides all of the rights and privileges and services as provided by statutes 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

Basic financial statements consist of the following:

Statement of activities and net assets – cash basis Statement of cash basis assets and fund balances and cash receipts, disbursements and changes in cash basis fund balances

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, 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 assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. 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.

# 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 expenditures are recorded when cash is spent.

### Notes to Financial Statements September 30, 2021

# Note1 - Summary of Significant Accounting Policies (continued)

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 recognized as soon as they are collected. Expenditures generally are recorded when cash is spent.

The Town reports the following major governmental fund:

The **general fund** is the government's primary operating fund. It accounts for all the financial resources and the legally authorized activities of the Town except those required to be accounted for in other specialized funds.

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.

### D. Assets and Net Assets of Equity

#### 1. Cash and Investments

The government's cash and cash equivalents are considered to be cash in checking or savings accounts or cash invested in certificates of deposit.

### 2. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### Notes to Financial Statements September 30, 2021

# Note 2 - Cash and Cash Equivalents

The collateral for public entities' deposits in financial institutions are now held in the name of the State Treasurer under a program established by the Mississippi Legislature and is governed by Section 27-105-5, Mississippi 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.

Cash is comprised of the following at September 30, 2021

	Cash and Cash <u>Equivalents</u>	Restricted Cash and Cash Equivalents	<u>Total</u>
Governmental Activities: General fund Total Governmental Activities	\$ 65,114 \$ 65,114	\$ 77,380 \$ 77,380 \$	142,494 142,494
Government-Wide Total	\$ 65,114	<u>\$ 77,380</u> <u>\$</u>	142,494

Custodial Credit Risk – Deposits. 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 institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the Town.

*Interest Rate Risk*. The Town does not have a formal investment policy that limits investment maturities as a mean 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.

### Notes to Financial Statements September 30, 2021

Note 2 - Cash and Cash Equivalents (continued)

Custodial Credit Risk – Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a formal investment policy that addresses custodial risk. However, the Mississippi State Treasurer manages the risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the Town. As of September 30, 2021, the Town had no investments other than certificates of deposit.

Concentration of Credit Risk. Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. Cities may invest any funds in excess of sums required for immediate expenditure or current obligations. State statues limit the Town's eligible investments to approved certificates of deposit or direct obligations of the United States of America and any Mississippi school, county or state obligations.

State statute allows the investment of funds received from the sale of bonds, notes, or certificates of indebtedness which are not immediately required for disbursement for the purpose issued, in direct obligations issued by or guaranteed in full by the United States of America, or in certificates of deposit with approved municipal depositories.

# SCHEDULE OF INVESTMENTS

For the Fiscal Year Ended September 30, 2021

	Deposit Amount	
Certificate of Deposit with Renasant Bank maturing September 13, 2022, Interest Rate .35%	\$	78,898
Certificate of Deposit with Renasant Bank maturing May 7, 2023, Interest Rate .30%		10,000
		88,898
Fund Recap:		
General Fund	\$	88,898
	\$	88,898

# SCHEDULE OF CAPITAL ASSETS

For the Fiscal Year Ended September 30, 2021

	Beginning Balance	Increases	Ending Decreases Balance
Governmental activities:			
Capital assets:			
Land	\$ 36,064	\$ -	\$ - \$ 36,064
Buildings	192,751	-	- 192,751
Machinery and equipment	102,171	<del>-</del>	(590) 101,581
Furniture and Fixtures	10,911	2,880	(1,900) 11,891
Infrastructure	117,011		117,011
Total Governmental activities capital assets	\$ 458,908	\$ 2,880	\$ (2,490) \$ 459,298



To the Board of Aldermen Town of Algoma Algoma, Mississippi

### **Independent Accountant's Report**

We have performed the procedures enumerated below on the cash, disbursements, and municipal compliance questionnaire of the Town of Algoma, Mississippi as of September 30, 2021 included in the accompanying information provided to us by management. Management of the Town of Algoma, Mississippi is responsible for the cash, disbursements, and municipal compliance questionnaire.

Management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in understanding cash, disbursements, and the municipal compliance questionnaire of the Town of Algoma, Mississippi as of September 30, 2021, included in the accompanying information provided to us by management. 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 the associated findings are as follows:

#### Cash

- 1. For the bank accounts, we obtained from the Town of Algoma, Mississippi management
  - a. the September 30, 2021 bank reconciliations and
  - b. the September 30, 2021 general ledger
- 2. We performed the following procedures:
  - a. Compared the balance confirmed by the bank to the amount shown on the respective bank reconciliations
  - b. Mathematically recomputed the bank reconciliations
  - c. Compared the cash balances per book listed in the reconciliations to the respective general ledger account balances

We found no exceptions as a result of the procedures.

#### **Disbursements**

1. We tested a sample of disbursements and determined that all were approved by the board prior to disbursement and if applicable in compliance with state purchasing laws.

We found no exceptions as a result of the procedures.

### **Municipal Compliance Questionnaire**

- 1. We confirmed that the municipal compliance questionnaire was completed, signed and recorded in the board's minutes
- 2. We tested the completed questionnaire to determine that it was accurately prepared

We found no exceptions as a result of the procedures.

We were engaged by management of the Town of Algoma to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on cash, disbursements, and municipal compliance questionnaire 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 Algoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Hayden Stegall, CPA

Stegall & Associates, PLLC

January 10, 2022