

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.

FINANCIAL REPORT
TOWN OF SHERMAN

Sherman, Mississippi

September 30, 2021

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ACCOUNTANTS' COMPILATION REPORT

To the Mayor and the Board of Alderpersons
Town of Sherman
Sherman, Mississippi

Management is responsible for the accompanying statement of cash receipts and disbursements of the governmental and business-type activities of the Town of Sherman, Mississippi for the year ended September 30, 2021, which collectively comprise the Town's basic financial statements as listed in the table of contents, 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 financial statements 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 these financial statements.

The financial statements are 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.

The supplementary information contained on pages 8-10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Town officials have elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the cash 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 receipts and disbursements. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Town officials have omitted Management's Discussion and Analysis and other required supplementary information that is required to be presented for purposes of additional analysis. 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

In accordance with the provisions of section 21-35-31, Mississippi Code Annotated (1972), we have issued a report dated January 3, 2023, on the results of our agreed upon procedures.

Nail McKinney Professional Association

Amory, Mississippi
January 3, 2023

TOWN OF SHERMAN, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
For the year ended September 30, 2021
(SEE ACCOUNTANTS' COMPILATION REPORT)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	General		Water & Sewer	
	<u>Fund</u>	<u>Total</u>	<u>Fund</u>	<u>Total</u>
Receipts:				
General property taxes	\$ 313,617	\$ 313,617	\$ -	\$ -
Penalties and interest	675	675	-	-
Licenses and permits	11,475	11,475	-	-
Payments in Lieu of taxes	27,008	27,008	-	-
Intergovernmental revenues:				
State shared revenues:				
General municipal aid	88,811	88,811	-	-
Homestead exemption reimbursement	2,054	2,054	-	-
Police grant	29,057	29,057	-	-
State shared revenues:				
Sales tax	613,103	613,103	-	-
Charges for services:				
Water and sewer	-	-	246,090	246,090
Tapping and cut off			2,543	2,543
Other receipts:				
Interest	952	952	369	369
Mortgage payments income	960	960	-	-
State Mobilization Act	-	-	87,026	87,026
Court fines and fees	52,669	52,669	-	-
Nonadjuciation fee	750	750	-	-
Meter deposits	-	-	2,028	2,028
Miscellaneous	66,648	66,648	1,416	1,416
Total receipts	<u>\$ 1,207,779</u>	<u>\$ 1,207,779</u>	<u>\$ 339,472</u>	<u>\$ 339,472</u>

TOWN OF SHERMAN, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
For the year ended September 30, 2021
(SEE ACCOUNTANTS' COMPILATION REPORT)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	General		Water & Sewer	
	<u>Fund</u>	<u>Total</u>	<u>Fund</u>	<u>Total</u>
Disbursements:				
General government	\$ 215,056	\$ 215,056	\$ -	\$ -
Public Safety:				
Police	296,024	296,024	-	-
Fire	28,809	28,809	-	-
Public works	176,263	176,263	-	-
Recreation	5,342	5,342	-	-
Library	3,924	3,924	-	-
Court	38,919	38,919	-	-
Enterprise:				
Water	-	-	199,619	199,619
Total disbursements	<u>764,337</u>	<u>764,337</u>	<u>199,619</u>	<u>199,619</u>
Other financing uses:				
Loan payment	34,275	34,275	37,301	37,301
Capital outlay	126,127	126,127	14,685	14,685
Total other financing uses	<u>160,402</u>	<u>160,402</u>	<u>51,986</u>	<u>51,986</u>
Excess of receipts and other financing sources over disbursements and other financing uses	283,040	283,040	87,867	87,867
Cash basis fund balance-beginning	<u>648,951</u>	<u>648,951</u>	<u>192,580</u>	<u>192,580</u>
Cash basis fund balance-ending	<u>\$ 931,991</u>	<u>\$ 931,991</u>	<u>\$ 280,447</u>	<u>\$ 280,447</u>

SUPPLEMENTARY INFORMATION

TOWN OF SHERMAN, MISSISSIPPI
SCHEDULE OF INVESTMENTS
September 30, 2021

(SEE ACCOUNTANTS' COMPILATION REPORT)

Ownership	Type of Investment	Interest Rate	Acquisition Date	Maturity Date	Other Information	Investment Cost/Value
GOVERNMENTAL ACTIVITIES:						
General Fund	Certificate of Deposit	0.40%	09/08/08	04/08/23	Bancorp South	\$ 4,656
General Fund	Certificate of Deposit	0.15%	12/19/08	10/19/21	Bancorp South	\$ 5,731
General Fund	Certificate of Deposit	0.20%	11/07/96	11/07/21	Bancorp South	\$ 28,413
General Fund	Certificate of Deposit	0.15%	03/02/16	03/02/22	Bancorp South	\$ 14,868
General Fund	Certificate of Deposit	0.50%	07/05/15	12/26/21	Bancorp South	\$ 6,230
BUSINESS-TYPE ACTIVITIES:						
Water & Sewer Fund	Certificate of Deposit	0.15%	05/05/15	05/05/22	Bancorp South	\$ 22,252
Water & Sewer Fund	Certificate of Deposit	0.05%	03/20/15	03/18/22	Bancorp South	\$ 50,328

TOWN OF SHERMAN, MISSISSIPPI
SCHEDULE OF LONG TERM DEBT
For the year ended September 30, 2021

(SEE ACCOUNTANTS' COMPILATION REPORT)

DEFINITION AND PURPOSE	Balance	Transactions During Fiscal Year		Balance
	Outstanding			Outstanding
	October 1, 2020	Issued	Redeemed	September 30, 2021
Bancorp South - Loan	\$ 63,151	\$ -	\$ 34,275	\$ 28,876
MDA - Water & Sewer	166,439	-	27,318	139,121
MDA - Water & Sewer	<u>111,451</u>	<u>-</u>	<u>9,983</u>	<u>101,468</u>
	<u>\$ 341,041</u>	<u>\$ -</u>	<u>\$ 71,576</u>	<u>\$ 269,465</u>

TOWN OF SHERMAN, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
For the year ended September 30, 2021

(SEE ACCOUNTANTS' COMPILATION REPORT)

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Mike Swords	Mayor	Scott Insurance	\$ 50,000
Randy Bolen	Alderman	Scott Insurance	\$ 50,000
Christie McDonald	Alderwoman	Scott Insurance	\$ 50,000
Martha Swindle	Alderwoman	Scott Insurance	\$ 50,000
Wayne Bullock	Alderman	Scott Insurance	\$ 50,000
Ronald Rogers	Alderman	Scott Insurance	\$ 50,000
Amanda Hodge	Town Clerk	First Choice Insurance	\$ 50,000
Amanda Hodge	Deputy Court Clerk	First Choice Insurance	\$ 50,000
Jo Abbott	Deputy Town Clerk	First Choice Insurance	\$ 50,000
Jo Abbott	Court Clerk	First Choice Insurance	\$ 50,000
Joel Spellins	Police Chief	First Choice Insurance	\$ 50,000
Police Department	Police Officers	First Choice Insurance	\$ 50,000
Chuck Thompson	Water Deputy Clerk	First Choice Insurance	\$ 50,000

STATE AUDITOR COMPLIANCE

REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

To the Mayor and the Board of Alderpersons
Town of Sherman, Mississippi

Management is responsible for the accompanying statement of cash receipts and disbursements-governmental and business-type activities, schedule of investments, schedule of long-term debt, and schedule of surety bonds for town officials of the Town of Sherman, Mississippi for the year ended September 30, 2021 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 financial statements 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 these financial statements.

We have performed procedures to test compliance with certain state laws and regulations as described by the Municipal Compliance Questionnaire 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 the expression of an opinion on the town's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed one instance of noncompliance with the state laws and regulations which is noted in items 6 in the Independent Accountants' Special Report on Applying Agreed-Upon Procedures for Small Towns.

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.

Nail McKinney Professional Association

Amory, Mississippi
January 3, 2023

**INDEPENDENT ACCOUNTANTS' SPECIAL REPORT ON APPLYING
AGREED-UPON PROCEDURES FOR SMALL TOWNS**

Mayor and Board of Alderpersons
Town of Sherman, Mississippi
Sherman, Mississippi

We have performed the procedures enumerated below to selected records of the Town of Sherman, Mississippi as of and for the year ended September 30, 2021. Town officials are responsible for the books and records of the Town and for compliance with laws and regulations to which the Town is subject.

Town officials of the Town of Sherman, Mississippi have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of testing compliance with the provisions of certain laws and regulations 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 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 confirmed balances with the applicable banks by review of statements available through the bank's online banking application:

Bank	Fund	Balance per General Ledger
BancorpSouth	General	\$ 931,991
BancorpSouth	Water & Sewer	\$ 280,447

There were exceptions to accounts to which American Rescue Plan Act and Mississippi Department of Revenue funds were either posted to wrong account or not recorded at all in its respective bank account. These corrections were made to prior to issuing the financial statement.

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 \$59,898 and the Water and Sewer Fund has as Certificate in the amount of \$72,580, for a total of \$132,478. We noted exceptions to adding interest earned on

Certificates of Deposit which were corrected prior to issuing the financial statement. All investment transactions during the year were examined for compliance with Section 21-33-323, Miss. Code Ann. (1972), without exception.

3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year.
 - a. Verified use of certified county assessment rolls and traced levies to governing body minutes; Traced distribution of taxes collected to proper funds; and
 - b. Analyzed increase in taxes for most recent period for compliance 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.

4. We obtained a statement of payments made by the Department of Finance and Administration to the municipality from the Transparency Mississippi website. Payments were traced to deposits in the respective bank accounts and were recorded in the general ledger with some exceptions to posting to correct general ledger accounts which were corrected prior to issuing the financial statement.
5. We selected a sample of purchases made by the municipality during the fiscal year. We selected 60 purchases from the General Fund and 60 purchases from the Water & Sewer Fund. Each sample item was evaluated for proper approval and 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	120
Total dollar value of sample	\$ 47,975

No exceptions were identified in conjunction with the purchase testing outlined above.

6. We selected a sample of 10 collections of fines and forfeitures and verified agreement to court documentation and traced payment to the Town bank statement and general ledger. Also noted that the Town does not have a separate municipal court clerk and municipal clerk, therefore daily settlement with municipal clerk is not applicable. We also selected a sample of 10 state-imposed court assessments collected and determined that the municipal clerk had settled monthly with the Department of Finance and Administration with the exception of October 2020 assessments which were not settled until December 2020 in apparent contravention of Department of Finance and Administration Sections 99-19-73 & 83-39-3.
7. We read the Municipal Compliance Questionnaire completed by the municipality, noting that the Municipal Compliance Questionnaire was completed, signed, and recorded in the board's minutes and that testing procedures performed did not identify any instances of noncompliance required to be reported.

We were engaged by the Town of Sherman to perform this agreed-upon procedures engagement 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 examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively on the Town's compliance with the laws and regulations tested, on the records subjected to testing, or on the financial information included in this report. 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. This report should not be associated with the financial statements of the Town of Sherman, Mississippi, for the year ended September 30, 2021.

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 governing body of the Town of Sherman, Mississippi and the Mississippi Office of the State Auditor and is not intended to be and should not be used by anyone other than those parties.

Nail McKinney Professional Association

Amory, Mississippi
January 3, 2023