

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 SOSO, MISSISSIPPI
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
SEPTEMBER 30, 2021

TOWN OF SOSO, MISSISSIPPI

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TOWN OF SOSO, MISSISSIPPI
INDEPENDENT ACCOUNTANTS' REPORT ON
AGREED-UPON PROCEDURES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

HERZOG CPA COMPANY, PLLC

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INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES

Honorable Mayor and Board of Aldermen
Town of Soso, Mississippi

We have applied certain agreed-upon procedures, as described below, to the accounting records of the Town of Soso, Mississippi, as of September 30, 2021, and for the year then ended, as required by the Office of the State Auditor, under provisions of Section 21-35-31, Miss. Code Ann. (1972). It is understood the report is solely for the use of the governing body of the Town of Soso, Mississippi, and the Office of the State Auditor and should not be used for any other purposes. Our procedures and findings are as follows:

1. We reconciled cash on deposit with the following bank to balances in the respective general ledger accounts and obtained confirmation of the related balances from the bank:

| Bank | Fund | Balance Per General Ledger |
|----------------|--------------------|-------------------------------|
| Trustmark Bank | General Fund | \$ 125,261 |
| | Total General Fund | <u>\$ 125,261</u> |

2. We physically examined securities held for investment. Securities held in trust were confirmed directly with respective trustees. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972).

| Bank | Fund | Balance Per General Ledger |
|------------------|-------------------------------|-------------------------------|
| First State Bank | General Fund - CD#60 | \$ 64,768 |
| First State Bank | General Fund - CD#30 | 30,759 |
| | Total Certificates of Deposit | <u>\$ 95,527</u> |

3. We obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated were traced to deposits in the respective bank accounts and recorded in the general ledger without exception.

Payments traced were as follows:

| Payment Purpose | Receiving Fund | Amount |
|------------------------------|--------------------|-------------------|
| Federal Emergency Management | General Fund | \$ 49,253 |
| COVID 19 Allocation | General Fund | 9,556 |
| Sales Tax Allocation | General Fund | 115,629 |
| Gasoline Tax | General Fund | 1,148 |
| General Municipal Aid | General Fund | 203 |
| Liquor Tax Allocation | General Fund | 1,800 |
| American Rescue Plan | General Fund | 48,432 |
| | Total General Fund | <u>\$ 226,021</u> |

4. 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: 25

Total Dollar Value of Sample: \$36,346

We found the municipality's purchasing procedures to be in agreement with the requirements of the above-mentioned sections.

5. We selected a sample of collections of fines and forfeitures to verify that the municipal court clerk had settled daily with the municipal clerk. We also selected a sample of state-imposed court assessments collected to determine that the municipal clerk had settled monthly with the Department of Finance and Administration.

We found the municipality to not be in agreement with the requirements of the above-mentioned sections.

6. 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 our attention that caused us to believe the items specified in Paragraphs 1, 2 and 3 should be adjusted. Had we performed additional procedures or had we conducted an audit of the financial statements in accordance with generally accepted auditing standards, 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 Soso, Mississippi, for the year ended September 30, 2021.

This report is intended solely for the use of Town of Soso and the Office of the State Auditor, the 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 purposes. However, this report is not intended to be and should not be used by anyone other than those specified parties.

Herzog CPA Company, PLLC

Herzog CPA Company, PLLC
Hattiesburg, Mississippi
November 30, 2022

ACCOUNTANTS' COMPILATION REPORT

HERZOG CPA COMPANY, PLLC

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ACCOUNTANTS' COMPILATION REPORT

Honorable Mayor and Board of Aldermen
Town of Soso, Mississippi

Management is responsible for the accompanying financial statements of the Town of Soso, Mississippi, which comprise the Statement of Cash Receipts and Cash Disbursements-All Funds-Cash Basis for the year ended September 30, 2021, and the related notes to the financial statements in accordance with 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 draw attention to Note 1 of the financial statements, which describes the basis of accounting. 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.

Herzog CPA Company, PLLC

Herzog CPA Company, PLLC

Hattiesburg, Mississippi

November 30, 2022

TOWN OF SOSO, MISSISSIPPI
Combined Statement of Cash Receipts and Cash Disbursements-GOVERNMENTAL FUND
For the Year Ended September 30, 2021

| | Governmental Activities | Exhibit 1 Total (Memorandum Only) |
|--|------------------------------------|--|
| <u>REVENUE RECEIPTS</u> | <u>General Fund</u> | <u>2021</u> |
| Licenses and Permits | \$ 580 | \$ 580 |
| Franchise and In-Lieu Tax | 12,989 | 12,989 |
| Intergovernmental Revenues: | | |
| Grant Income | 107,241 | 107,241 |
| General Municipal Aid (From State) | 203 | 203 |
| State Shared Revenues: | | |
| Liquor Tax | 1,800 | 1,800 |
| Sales Tax | 115,629 | 115,629 |
| Gasoline Tax | 1,148 | 1,148 |
| Charges for Services: | | |
| Fines and Forfeitures | 1,165 | 1,165 |
| TOTAL REVENUE RECEIPTS | 240,755 | 240,755 |
| <u>OTHER RECEIPTS</u> | | |
| Rent | 2,500 | 2,500 |
| Interest | 621 | 621 |
| Miscellaneous | 1,200 | 1,200 |
| TOTAL OTHER RECEIPTS | 4,321 | 4,321 |
| TOTAL RECEIPTS | 245,076 | 245,076 |
| CASH BALANCE- BEGINNING OF YEAR | 145,878 | 145,878 |
| TOTAL AMOUNT TO ACCOUNT FOR | \$ 390,954 | \$ 390,954 |

The accompanying notes are an integral part of these financial statements.

TOWN OF SOSO, MISSISSIPPI
Combined Statement of Cash Receipts and Cash Disbursements-GOVERNMENTAL FUND
For the Year Ended September 30, 2021

Page 2

Exhibit 1

| | <u>Governmental Activities</u> | <u>Total (Memorandum Only)</u> |
|----------------------------------|------------------------------------|------------------------------------|
| | <u>General Fund</u> | <u>2021</u> |
| <u>CASH DISBURSEMENTS</u> | | |
| Capital Improvement | \$ 20,290 | \$ 20,290 |
| Election Expense | 1,203 | 1,203 |
| Fines to State | 886 | 886 |
| Fuel | 2,556 | 2,556 |
| Insurance | 5,240 | 5,240 |
| Legal and Professional | 3,000 | 3,000 |
| Office Expense | 3,158 | 3,158 |
| Payroll Taxes | 7,326 | 7,326 |
| Rent | 1,200 | 1,200 |
| Repairs and Maintenance | 15,491 | 15,491 |
| Retirement | 7,259 | 7,259 |
| Salaries | 85,840 | 85,840 |
| Supplies | 723 | 723 |
| Utilities and Telephone | 15,048 | 15,048 |
| Workmen's Comp | 840 | 840 |
| TOTAL DISBURSEMENTS | <u>170,060</u> | <u>170,060</u> |
| CASH BALANCE-END OF YEAR | 220,894 | 220,894 |
| TOTAL AMOUNT | | |
| TO ACCOUNT FOR | <u>\$ 390,954</u> | <u>\$ 390,954</u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF SOSO, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Soso, operates under a Mayor/Aldermen form of government subject to the legal budgetary and audit requirements of the Mississippi State Department of Audit for municipalities with a population of 3,000 or less.

A. Reporting Entity.

The Cash Receipts and Cash Disbursements of the Town consist of all funds of the Town.

B. Fund Accounting.

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity.

C. Basis of Accounting.

The financials are 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.

NOTE 2 - REPORT CLASSIFICATION

Receipts and disbursements were classified according to requirements for small towns in the State of Mississippi as prescribed by the State Department of Audit.

NOTE 3 - COLLATERAL FOR DEPOSITS

The collateral for public entities' deposits in financial institutions is now 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 Town'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 should be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

NOTE 4 - ENCUMBRANCE ACCOUNTING

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to serve that portion of the applicable appropriation, is not used by the Town of Soso.

TOWN OF SOSO, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2021

NOTE 5 - COMPENSATED ABSENCES

The Town of Soso, Mississippi, does not compensate employees for unused vacation or sick leave.

NOTE 6 - TAX REVENUE

Property taxes on real property, personal property, mobile homes and automobiles are collected by Jones County. The Department of Finance and Administration directly deposits the funds due the municipality each month as required.

NOTE 7 - DEFINED BENEFIT PENSION PLAN

Plan Description: The Town of Soso, Mississippi 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, at 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% of their annual covered salary and the Town of Soso is required to contribute at an actuarial determined rate. In 2021, the employer contribution rate remained at 17.40% of covered salaries.

The contribution of PERS members is established and may be amended only by the State of Mississippi Legislature. The Town of Soso, Mississippi contributions to PERS for the year ended September 30, 2021 was \$7,695, which equaled the required contributions for the year.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town of Soso carries commercial insurance.

Grant monies received and disbursed by the Town of Soso, Mississippi are for specific purposes and are subject to audit and review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the Town does not believe that such disallowances, if any, would have a material effect on the financial position of the Town.

TOWN OF SOSO, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2021

NOTE 9 - SUBSEQUENT EVENTS

Events that occur after the Statement of Financial Position report 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 Statements of Financial Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Financial Position date require disclosure in the accompanying notes. Management of the Town of Soso, Mississippi evaluated the activity of the Town through November 30, 2022, and determined that the following subsequent event required disclosure in the notes to the financial statements:

In December 2019, a novel strain of coronavirus was reported to have surfaced in China. The spread of this virus has continued to cause some business disruption through reduced revenue. While this disruption is currently expected to be temporary, there is considerable uncertainty around the duration. However, the related financial impact and duration cannot be reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

**TOWN OF SOSO, MISSISSIPPI
SCHEDULE OF INVESTMENTS-ALL FUNDS
SEPTEMBER 30, 2021**

| | <u>Interest Rate</u> | <u>Acquisition Date</u> | <u>Maturity Date</u> | <u>Investment Cost/Value</u> |
|---------------------------------------|--------------------------|-----------------------------|--------------------------|----------------------------------|
| General Revenue | | | | |
| General Fund - Certificate of Deposit | 0.35% | | 10/4/2022 | \$ 64,768 |
| General Fund - Certificate of Deposit | 0.35% | | 10/4/2022 | 30,759 |
| TOTAL GENERAL FUND | | | | <u>\$ 95,527</u> |

The accompanying notes are an integral part of these financial statements.

OTHER INFORMATION

TOWN OF SOSO, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
For the Year Ended September 30, 2021

| Name | Position | Bond | |
|---------------------|----------------|--------------------|-----------|
| | | Company | Bond |
| Ralph Cahill | Mayor | St. Paul Travelers | \$ 25,000 |
| Mike Moore | Mayor | St. Paul Travelers | 25,000 |
| Jimmy McCoy | Police Chief | St. Paul Travelers | 50,000 |
| Jeanne Sherman | Town Clerk | St. Paul Travelers | 50,000 |
| Byron Craft | Alderman | St. Paul Travelers | 10,000 |
| Douglas W. Johnston | Alderman | St. Paul Travelers | 10,000 |
| Jeremy Phipps | Alderman | St. Paul Travelers | 10,000 |
| Michael Simpson | Alderman | St. Paul Travelers | 10,000 |
| Jason Marshall | Alderman | St. Paul Travelers | 10,000 |
| Mitch Barlow | Alderman | St. Paul Travelers | 10,000 |
| Macon Davis | Police Officer | St. Paul Travelers | 25,000 |
| Isaac Coleman | Police Officer | St. Paul Travelers | 25,000 |
| Dave Gulley | Police Officer | St. Paul Travelers | 25,000 |