

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 ALGOMA, MISSISSIPPI

Compilation Report

For the Year Ended September 30, 2022

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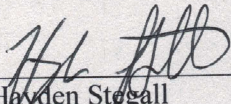
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To the Board of Aldermen
Town of Algoma
Algoma, Mississippi

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, 2022, 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 M. Stegall
Certified Public Accountant

January 9, 2023

TOWN OF ALGOMA, MISSISSIPPI
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

Function / Programs	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
PRIMARY GOVERNMENT						
Government activities:						
General government	\$ 248,631	\$ -	\$ -	\$ -	\$ (248,631)	\$ (248,631)
Public safety	30,192			-	(30,192)	(30,192)
Culture and recreation	3,691		-	-	(3,691)	(3,691)
Sanitation				-	-	-
Total Governmental Activities	\$ 282,514	\$ -	\$ -	\$ -	\$ (282,514)	\$ (282,514)
 Total Primary Government	 \$ 282,514	 \$ -	 \$ -	 \$ -	 \$ (282,514)	 \$ (282,514)
 General Receipts:						
Fines and assessments					\$ 6,481	\$ 6,481
MML Bond Reimbursement					625	625
Other Reimbursements					625	625
American Rescue Plan Act Funds					78,898	78,898
SMLPC Grant					65,719	65,719
Insurance claims					3,000	3,000
Proceeds from sale of assets					3,850	3,850
Unrestricted investment income					311	311
Intergovernmental					101,007	101,007
Miscellaneous					1,231	1,231
Interfund loans					98,210	98,210
Rent					720	720
Cemetery Plots Sold					500	500
Total Receipts					\$ 361,177	\$ 361,177
 Changes in Net Assets					\$ 78,663	\$ 78,663
 Net Assets at September 30, 2021					142,494	142,494
 Net Assets at September 30, 2022					\$ 221,157	\$ 221,157

TOWN OF ALGOMA, MISSISSIPPI
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

Function / Programs	Program Cash Receipts				Governmental Activities	Total
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
(CONTINUED)						
ASSETS						
Cash and equivalents					\$ 144,841	\$ 144,841
Restricted cash					76,316	76,316
Total Assets					<u>\$ 221,157</u>	<u>\$ 221,157</u>
NET ASSETS						
Unrestricted					144,841	144,841
Total Net Assets					<u>\$ 144,841</u>	<u>\$ 144,841</u>

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, 2022

	Governmental Activities		
	Major Fund		Total
	General Fund	Other Nonmajor Funds	
RECEIPTS			
Fines and assessments	\$ 6,481	\$ -	\$ 6,481
MML Bond Reimbursement	625		625
Other Reimbursements	625		625
American Rescue Plan Act Funds	78,898		78,898
SMLPC Grant	65,719		65,719
Insurance claims	3,000		3,000
Proceeds from sale of assets	3,850		3,850
Unrestricted investment income	311		311
Intergovernmental	101,007		101,007
Miscellaneous	1,231		1,231
Interfund loans	98,210		98,210
Rent	720		720
Cemetery Plots Sold	500		500
Total Receipts	\$ 361,177	\$ -	\$ 361,177

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, 2022

	Governmental Activities		
	Major Fund		Total
	General Fund	Other Nonmajor Funds	
DISBURSEMENTS			
General government	\$ 248,631	\$ -	\$ 248,631
Public safety	30,192		30,192
Culture and recreation	3,691		3,691
Sanitation	-		-
Total Disbursements	\$ 282,514	\$ -	\$ 282,514
Excess of Receipts Over (Under) Disbursements	\$ 78,663	\$ -	\$ 78,663
OTHER CASH SOURCES (USES)			
Capital outlay		-	-
Interfund transfers	-	-	-
Total Other Cash Sources (Uses)	\$ -	\$ -	\$ -
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	\$ 78,663		\$ 78,663
CASH BASIS FUND BALANCE, SEPTEMBER 30, 2021	142,494		142,494
CASH BASIS FUND BALANCE, SEPTEMBER 30, 2022	\$ 221,157		\$ 221,157

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, 2022

CASH BASIS ASSETS/FUND BALANCE - YEAR END

Cash and cash equivalents
 Restricted cash
 Total Cash Basis Assets

Governmental Activities			
Major Fund		Other	Total
General Fund		Nonmajor Funds	
\$	144,841		144,841
	76,316	-	76,316
\$	221,157	\$ -	\$ 221,157

TOWN OF ALGOMA, MISSISSIPPI

Notes to Financial Statements September 30, 2022

Note 1 – 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.

TOWN OF ALGOMA, MISSISSIPPI

Notes to Financial Statements September 30, 2022

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.

TOWN OF ALGOMA, MISSISSIPPI

Notes to Financial Statements September 30, 2022

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, 2022

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Governmental Activities:			
General fund	<u>\$ 144,841</u>	<u>\$ 76,316</u>	<u>\$ 221,157</u>
Total Governmental Activities	<u>\$ 144,841</u>	<u>\$ 76,316</u>	<u>\$ 221,157</u>
 Government-Wide Total	 <u>\$ 144,841</u>	 <u>\$ 76,316</u>	 <u>\$ 221,157</u>

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.

TOWN OF ALGOMA, MISSISSIPPI

Notes to Financial Statements September 30, 2022

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, 2022, 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 statutes 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.

TOWN OF ALGOMA, MISSISSIPPI
SCHEDULE OF INVESTMENTS
For the Fiscal Year Ended September 30, 2022

	<u>Deposit Amount</u>
Certificate of Deposit with First Choice Bank maturing September 13, 2023 Interest Rate 1.25%	\$ 78,898
Certificate of Deposit with First Choice Bank maturing December 9, 2022 Interest Rate .30%	10,000
	<u><u>\$ 88,898</u></u>
 Fund Recap:	
General Fund	\$ 88,898
	<u><u>\$ 88,898</u></u>

TOWN OF ALGOMA, MISSISSIPPI
SCHEDULE OF CAPITAL ASSETS
For the Fiscal Year Ended September 30, 2022

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets:				
Land	\$ 36,064	\$ -	\$ -	\$ 36,064
Buildings	192,751	-	-	192,751
Machinery and equipment	101,581	27,799	(11,297)	118,083
Furniture and Fixtures	11,891			11,891
Infrastructure	117,011			117,011
Total Governmental activities capital assets	<u>\$ 459,298</u>	<u>\$ 27,799</u>	<u>\$ (11,297)</u>	<u>\$ 475,800</u>

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, 2022 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, 2022, 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, 2022 bank reconciliations and
 - b. the September 30, 2022 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.

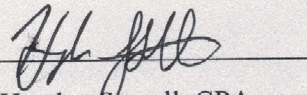
Municipal Compliance Questionnaire

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 9, 2023