

## 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 DERMA, MISSISSIPPI**  
**COMPILATION REPORT**  
**AND REPORT ON AGREED UPON PROCEDURES**  
**YEAR ENDED SEPTEMBER 30, 2022**

Ronnie S. Windham CPA, PLLC  
P.O. Box 159  
Oxford, MS 38655

**TOWN OF DERMA**  
**TABLE OF CONTENTS**

Independent Accountants' Compilation Report	1
Statement of Cash Receipts and Disbursements- All Fund Types	3
Schedule of Investments- All Funds	6
Schedule of Long-Term Debt	7
Schedule of Surety Bonds for Municipal Officials	8
Report on Compliance with State Laws and Regulations	9
Independent Accountants' Report on Applying Agreed-Upon Procedures	10

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Honorable Mayor and Board of Aldermen  
Town of Derma  
P. o. Box 95  
Derma, MS 38839

Management is responsible for the accompanying statement of cash receipts and disbursements of Town of Derma for the year ended September 30, 2022 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 statement of cash receipts and disbursements 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 the statement of cash receipts and disbursements.

The statement of cash receipts and disbursements is 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.

Management has not presented government-wide financial statements to display the cash basis financial position and changes in cash basis financial position of its governmental activities and business-type activities. Accounting principles generally accepted in the United States of America, as applied to the Town's cash basis of accounting, require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements resulting from the cash basis transactions for the Town's governmental activities and business type activities are not reasonably determinable.

Management has elected to omit substantially all the disclosures ordinarily included in a financial statement prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statement, they might influence the user's conclusions about the Town's cash receipts and disbursements. Accordingly, the financial statement is not designed for those who are not informed about such matters.

The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subjected to our compilation engagement; however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

Management also has not presented management's discussion and analysis and other required supplemental information the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of the basic financial statements.

In accordance with the provisions of Section 21-35-31. Mississippi Code Annotated (1972), We have also issued a report dated January 10, 2023, on the results of our agreed-upon procedures.

 CPA PLLC

Ronnie S. Windham, CPA, PLLC  
Oxford, MS  
January 10, 2023

Town of Derma  
**Combined Statement of Cash Receipts & Disbursements**  
 (All Funds)  
 For the Year Ended September 30, 2022

	<u>Governmen tal Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Totals</u>
	General	Water & Sewer	2021-2022
<b>Cash Receipts</b>			
<b>Taxes</b>			
General Property	97,023		97,023
Penalties	583		583
<b>Licenses &amp; Permits</b>			
Utility Franchise Tax	16,796		16,796
Licenses	1,054		1,054
<b>Fines and Forfeits</b>			
Fines and Forfeits	14,380		14,380
<b>Intergovernmental Receipts</b>			
Grants	295,282	-	295,282
<b>State Shared</b>	-		
Sales Tax	109,424		109,424
Fire Protection	33,019		33,019
Municipal Aid	2,892		2,892
Misc Income	3,131		3,131
<b>Enterprise Operations</b>			
Water & Sewer Rev	-	315,863	315,863
Sanitation	-	58,923	58,923
Interest	245	499	744
Grants		119,727	119,727
Transfers	58,911	110,027	168,938
<b>Total Cash Receipts</b>	<u>632,740</u>	<u>605,039</u>	<u>1,237,779</u>

See accompanying notes and independent accountants' compilation report



**Town of Derma**  
**Statement of Cash Receipts & Disbursements**  
**(All Funds)**  
**For the Year Ended September 30, 2022**

	<u>Governmental Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Totals</u>
<b>Cash Disbursements</b>			
General	103,318		103,318
Public Safety			
Police	142,630		142,630
Fire	24,499		24,499
Streets	68,161		68,161
Recreation			
Parks	245		245
Enterprise			
Water & Sewer		237,190	237,190
Sanitation	-	53,009	53,009
Interest		-	-
Operating Cash Disbursements	<u>338,853</u>	<u>290,199</u>	<u>629,052</u>
Other Cash Disbursements			
Interest		27,232	27,232
Principal Payments		22,459	22,459
Capital Expend	211,373	-	211,373
Transfers	<u>73,057</u>	<u>115,929</u>	<u>188,986</u>
Total Disbursements	<u>623,283</u>	<u>455,819</u>	<u>1,079,102</u>
Excess (Deficiency) of Receipts over disbursements	9,457	149,220	158,677
Cash at Beginning of Year	<u>740,082</u>	<u>1,205,821</u>	<u>1,945,903</u>
Cash at End of Year	749,539	1,355,041	2,104,580

See accompanying notes and independent accountants' compilation report



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## **INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES FOR SMALL MUNICIPALITIES (TOWNS)**

January 10, 2023

Honorable Mayor Willie Mays  
Board of Aldermen  
Town of Derma  
Derma, Mississippi

We have applied certain agreed-upon procedures, as discussed below which were agreed to by Office of the State Auditor, to the accounting records of the Town of Derma, Mississippi, as of September 30, 2021, and for the year then ended, solely to assist Office of State Auditor in evaluating the Town of Derma, Mississippi's compliance with certain laws and regulations. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Office of the State Auditor, State of Mississippi. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

We reconciled cash on deposit with the following banks to balances in the respective general ledger accounts and obtained confirmation of the related balances from the banks or otherwise proved those bank balances. We verified that all investment transactions were in compliance with Section 21-33-323 Miss. Code Ann. (1972). No exceptions were noted.

<u>BANK</u>	<u>FUND</u>	<u>BALANCE</u>
Renasant	General	458,235
Renasant	General	5,563
Renasant	General	150,006
Renasant	General	160
Renasant	General	100
Renasant	General	65,169
Renasant	General	22,265
Renasant	General	27
Renasant	General	50,106
Renasant	Cert of Deposit	17,329
	Cash on Hand	550
	Total General	<u>769,510</u>



Renasant	Water & Sewer	841,202
Renasant	Water & Sewer	111,156
Renasant	Water & Sewer	20,182
Renasant	Water & Sewer	10,091
Renasant	Water & Sewer	10,091
Renasant	Water & Sewer	36,784
Renasant	Water & Sewer	239,453
Renasant	Water & Sewer	85,882
	Cash on Hand	<u>200</u>
Total Water & Sewer		\$1,355,041

We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:

- Verify use of certified county assessment rolls and trace levies to governing body minutes;
- Examined uncollected taxes for proper handling, including tax sales;
- Traced distribution of taxes collected to proper funds; and
- Analyzed increase in taxes for most recent period for completion 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, and uncollected taxes were determined to be properly handled.

Ad valorem tax collections were found to be within the limitations of Section 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

Ad valorem tax collections for the retirement of general obligation debt was found to be sufficient for payment of current principal and interest in accordance with limitations imposed by Sections 21-33-87 and 21-33-303, Miss. Code Ann. (1972).

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

Other aid	General	\$ 180,595
Fire Protection	General	6,343
Gasoline Tax	General	2,892
Homestead Exemption	General	13,814
TVA in Lieu of Taxes	General	4,910
Sales Tax	General	109,423
Grantor Payment	General	150,504

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	30
Dollar Value of Sample	\$74,557

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


We selected a sample of collection of fines and forfeitures and verified that the municipal court clerk had settled daily with the municipal clerk. I also selected a sample of state-imposed court assessments collected and determined that the municipal clerk had settled monthly with the Department of Finance and Administration.

We found the municipality to be in agreement with the requirements of the abovementioned sections.

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 my attention that caused me to believe the items specified in paragraphs above should be adjusted. Had we performed additional procedures or had we conducted an audit of the financial statement in accordance with generally accepted auditing standards, matters might have come to my attention that would have been reported to you. This report should not be associated with the financial statements of the Town of Derma, Mississippi, for the year ended September 30, 2022.

This report is intended solely for the use of the Office of State Auditor, 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 procedures. However, this report is a matter of public record and its distribution is not limited.

 CPA PLLC

Ronnie S. Windham, CPA, PLLC  
January 10, 2023



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## ACCOUNTANTS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

The Honorable Mayor and Board of Alderman  
Town of Derma  
Derma, MS

We have compiled the accompanying Statement of Cash Receipts and Disbursements-all fund types of the Town of Derma, Mississippi, for the year ended September 30, 2022, and have issued our report dated January 10, 2023. We conducted our compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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

The results of those procedures and our compilation of the cash receipts and disbursements disclosed no material instances noncompliance of state laws and regulations.

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.

Ronnie S. Windham, CPA, PLLC  
Oxford, MS  
January 10, 2023



**TOWN OF DERMA**  
Selected Notes to Financial Statements  
September 30, 2022

Note 1- Summary of significant accounting policies

*Reporting Entity:*

The financial statement for the town consists of all the funds of the town.

The Citizens of Derma had elected to operate under a Code Charter as permitted by Mississippi Statutes 21-3-3, which prescribes a Mayor and Board of Aldermen form of government.

*Fund Accounting:*

The accounts of the town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Governmental and Business resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

*Basis of Accounting*

The financial statement is 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.

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Report Classifications*

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

**TOWN OF DERMA, MISSISSIPPI  
SCHEDULE OF INVESTMENTS- ALL FUNDS  
SEPTEMBER 30, 2022**

Governmental Fund Types	
Fire Fund-Certificate of Deposit	<u>\$17,329</u>
Total Governmental Fund Types	\$17,329
Proprietary Fund Types	
Water Fund-Certificate of Deposit	<u>\$85,882</u>
Total Proprietary Fund Types	\$85,882

See accompanying notes and accountants' compilation report



**TOWN OF DERMA, MISSISSIPPI**

**Town of Derma**

**Schedule of Long Term Debt**

**Year Ended September 30, 2022**

<b>Definition &amp; Purpose</b>	<b>Balance 10/1/2021</b>	<b>Transaction Issued</b>	<b>During Year</b>	<b>Balance 9/30/2022</b>
02-03-04, Rural Development	634,497		22,208	612,289
	<u>\$ 634,497</u>	<u>\$ -</u>	<u>\$ 22,208</u>	<u>\$ 612,289</u>

See accompanying notes and accountants' compilation report

**TOWN OF DERMA, MISSISSIPPI  
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS  
SEPTEMBER 30, 2022**

<b>Name</b>	<b>Position</b>	<b>Surety</b>	<b>Bond Amount</b>
Dock Gabbert	Mayor	Western Surety Co	\$ 50,000.00
Willie Mays	Mayor	Western Surety Co	\$ 50,000.00
Joanna R. James	City Clerk	Western Surety Co	\$ 50,000.00
Joanna R. James	Notary	Western Surety Co	\$ 10,000.00
Lisa Jones	Deputy Clerk	Western Surety Co	\$ 50,000.00
Constance Williams	Deputy Clerk	Western Surety Co	\$ 50,000.00
Jessie Coffey	Deputy Clerk	Western Surety Co	\$ 50,000.00
Corey Alexander	Policeman	Western Surety Co	\$ 50,000.00
Michael Johnson	Policeman	Western Surety Co	\$ 50,000.00
Barbara Ward	Policeman	Western Surety Co	\$ 50,000.00
Wayne Plunk	Policeman	Western Surety Co	\$ 50,000.00
Dean Poyner	Policeman	Western Surety Co	\$ 50,000.00
Jeremy Pounders	Policeman	Western Surety Co	\$ 50,000.00
Andrea Corbitt	Alderman	Travelers	\$ 25,000.00
Mary Cole	Alderman	Travelers	\$ 25,000.00
Aretha Herrod	Alderman	Travelers	\$ 25,000.00
Thomas H. Goodson	Alderman	Travelers	\$ 25,000.00
Kathryn Gibson	Alderman	Travelers	\$ 25,000.00