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**FINANCIAL STATEMENT**

**TOWN OF SHERMAN**

September 30, 2018

## TABLE OF CONTENTS

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	Page
Independent Accountant's Report on Applying Agreed-Upon Procedures	1
Independent Accountant's Compilation Report	4
Statement of Cash Receipts and Disbursements – All Fund Types	5
Notes to the Financial Statements	8
Schedule of Long-Term Debt	9
Schedule of Surety Bonds for Town Officials	10



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**INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED UPON PROCEDURES**

Honorable Mayor and Board of Aldermen  
 Town of Sherman  
 Sherman, Mississippi

We have performed the procedures enumerated below, which were agreed to by the Town of Sherman, Mississippi (the Town) and the Office of the State Auditor (collectively, the specified parties), on the accounting records of the Town, as of September 30, 2018, and for the year then ended, as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Miss. Code Ann. (1972). The Town’s management is responsible for the accounting records. The sufficiency of these procedures is solely the responsibility of the specified parties. 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.

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 obtained confirmation of the related balances from the bank.

Bank	Fund	Balance per General Ledger
BancorpSouth	General	\$ 350,348
BancorpSouth	Water & Sewer	\$ 202,620

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 \$64,013 and the Water and Sewer System has amounts of \$72,225, for a total of \$136,238. All investment transactions during the year were examined for compliance with investments authorized by Sections 21-33-323 of the Miss. Code of 1972.

3. We performed the following procedures with respect to taxes on real estate and personal property (including motor vehicles) levied during the fiscal year.
  - a. Proved the mathematical accuracy of the tax rolls and traced levies to governing body minutes;
  - b. Traced distribution of taxes collected to the proper funds; and
  - c. Analyzed increase in taxes for most recent period for compliance with increase limitations of Section 27-39-320 to 27-39-329 of the Miss. Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, and uncollected taxes were found to be properly handled.

Ad valorem tax collections were found to be within the limitations of Sections 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).

4. We obtained reports from PayMode of payments made by the Department of Finance and Administration to the municipality. All payments were traced to deposits in the respective bank accounts and were recorded in the general ledger without exception.
5. 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 Sections 37-7-1, 31-7-13, 31-7-49, and 31-7-57 of the Miss. Code Ann. (1972) as applicable.

The sample consisted of the following:

Number of items in sample	45
Dollar value of sample	\$ 418,620

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

6. We selected a sample of collection of fines and forfeitures and verified that the municipal court clerk had settled daily with the municipal clerk. We 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 above-mentioned sections, except as follows:

The court clerk settled every few days with the municipal clerk, but not daily in all instances. We did determine that the municipal clerk settled monthly, every other month, or every third month with the Department of Finance and Administration. All payments through September 30, 2018 were paid.

7. We have read the Municipal Compliance Questionnaire completed by the municipality. We found the municipality to be in agreement with the requirements of the above-mentioned sections.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records of the Town. 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 is intended solely for the information and use of the governing body of the Town of Sherman and the Office of the State Auditor and is not intended to be and should not be used by anyone other than those specified parties.

Tupelo, Mississippi  
June 23, 2020



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## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and Board of Aldermen  
Town of Sherman  
Sherman, Mississippi

Management is responsible for the accompanying financial statement of the Town of Sherman, Mississippi, which comprise the statement of receipts and disbursements (all funds) – cash basis as of September 30, 2018, and the related notes to the financial statement 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 Statement 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 statement 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 the financial statement.

We draw attention to Note A of the financial statement, which describes the basis of accounting. The financial statement 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 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.

### Required Supplementary Information

The Mississippi Office of the State Auditor requires that the Schedule of Long Term Debt and Schedule of Surety Bonds for Town Officials on pages 9 and 10 be presented to supplement the basic financial statement. Such information, although not a part of the basic financial statement, is required by the Mississippi Office of the State Auditor who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any form of assurance on such information.

Tupelo, Mississippi  
June 23, 2020

**TOWN OF SHERMAN, MISSISSIPPI**

**STATEMENT OF RECEIPTS AND DISBURSEMENTS (ALL FUNDS)**

For the Year Ended September 30, 2018

	Governmental Funds	Proprietary Funds	Total
<b>Revenue Receipts</b>			
General property taxes	\$ 309,155	\$ -	\$ 309,155
Penalties and interest	2,418	-	2,418
Licenses and permits	4,967	-	4,967
In lieu of taxes	19,763	-	19,763
<b>State Shared Revenue</b>			
Sales tax	412,081	-	412,081
Homestead exemption reimbursements	4,146	-	4,146
General municipal aid	2,273	-	2,273
Fire protection allocation	8,109	-	8,109
Police department of public safety	28,008	-	28,008
<b>Reimbursements from County</b>			
Fire protection allocation	2,000	-	2,000
<b>Charges for Services</b>			
Water and sewer	-	248,623	248,623
Tapping and cut off fees	-	2,400	2,400
Parks and recreation	1,042	-	1,042
<b>Miscellaneous</b>			
Franchise fees	9,868	-	9,868
Mortgage payments income	960	-	960
Interest income	321	67	388
Other	5,414	7,037	12,451
Non-adjudication fees	750	-	750
Fines	30,882	-	30,882
<b>Total revenue receipts</b>	<b>842,157</b>	<b>258,127</b>	<b>1,100,284</b>

See accompanying notes and accountant's compilation report.



**TOWN OF SHERMAN, MISSISSIPPI**

**STATEMENT OF RECEIPTS AND DISBURSEMENTS (ALL FUNDS) (Continued)**

For the Year Ended September 30, 2018

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Other Receipts			
Meter deposits	-	3,500	3,500
Loan proceeds	150,000	-	150,000
Note receivable payments	1,948	-	1,948
Total receipts	994,105	261,627	1,255,732
Cash balance - October 1, 2017	419,332	163,778	583,110
Total amount to account for	<u>\$ 1,413,437</u>	<u>\$ 425,405</u>	<u>\$ 1,838,842</u>
Operating Disbursements			
General government	\$ 192,750	\$ -	\$ 192,750
Public Safety			
Police	249,703	-	249,703
Fire	26,588	-	26,588
Public works	176,396	-	176,396
Recreation	6,443	-	6,443
Library	4,396	-	4,396
Court	41,337	-	41,337
Enterprises			
Water & sewer	-	175,855	175,855
Interest on bonds & notes	6,660	10,189	16,849
Total operating disbursements	704,273	186,044	890,317

See accompanying notes and accountant's compilation report.

**TOWN OF SHERMAN, MISSISSIPPI**

**STATEMENT OF RECEIPTS AND DISBURSEMENTS (ALL FUNDS) (Continued)**

For the Year Ended September 30, 2018

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	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Other Disbursements			
Loan payments	26,756	36,741	63,497
Capital outlay	332,060	-	332,060
Total other disbursements	<u>358,816</u>	<u>36,741</u>	<u>395,557</u>
Total disbursements	1,063,089	222,785	1,285,874
Cash balance - September 30, 2018	<u>350,348</u>	<u>202,620</u>	<u>552,968</u>
Total amount accounted for	<u>\$ 1,413,437</u>	<u>\$ 425,405</u>	<u>\$ 1,838,842</u>

See accompanying notes and accountant's compilation report.

**TOWN OF SHERMAN, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENT**

September 30, 2018

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

General Information

The Town operates under the mayor/board of aldermen form of government and provides services as authorized by law.

Reporting Entity

The financial statement of the Town includes all the funds of the Town.

Fund Accounting

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

Basis of Accounting

The financial statement has been prepared on the cash receipts and disbursements basis, as prescribed by the Mississippi 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 B – 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 SHERMAN, MISSISSIPPI**

**SCHEDULE OF LONG TERM DEBT**

September 30, 2018

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	<u>Balance Outstanding Oct. 1, 2017</u>	<u>Transactions During Fiscal Year</u>		<u>Balance Outstanding Sept. 30, 2018</u>
		<u>Issued</u>	<u>Redeemed</u>	
Cap loans	\$ 419,416	\$ -	\$ 36,741	\$ 382,675
Bank loan	<u>-</u>	<u>150,000</u>	<u>26,756</u>	<u>123,244</u>
Total long-term debt	<u>\$ 419,416</u>	<u>\$ 150,000</u>	<u>\$ 63,497</u>	<u>\$ 505,919</u>

See accountant's compilation report.

**TOWN OF SHERMAN, MISSISSIPPI**

**SCHEDULE OF SURETY BONDS**

September 30, 2018

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<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Mike Swords	Mayor	Scott Insurance	\$ 50,000
Randy Bolen	Alderman	Scott Insurance	50,000
Todd McDonald	Alderman	Scott Insurance	50,000
Martha Swindle	Alderwoman	Scott Insurance	50,000
Harold Bullock	Alderman	Scott Insurance	50,000
Todd McDonald	Alderman	Scott Insurance	50,000
Connie Allen	Town Clerk	CNA Surety	50,000
Jo Abbott	Deputy Town Clerk	CNA Surety	50,000
Jo Abbott	Court Clerk	CNA Surety	50,000
Connie Allen	Deputy Court Clerk	CNA Surety	50,000
Joel Spellins	Police Chief	CNA Surety	50,000
Police Department	Police Officers	CNA Surety	25,000

See accountant's compilation report.