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**TOWN OF BUDE, MISSISSIPPI**

**COMPILATION REPORT**

**SEPTEMBER 30, 2012**

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TOWN OF BUDE, MISSISSIPPI

TABLE OF CONTENTS

	<u>PAGE</u>
<u>ACCOUNTANT'S COMPILATION REPORT</u>	1
 <u>FINANCIAL STATEMENTS</u>	
Combined Statement of Cash Receipts and Cash Disbursements, All Funds for the Fiscal Year Ended September 30, 2012	2-3
Notes to Financial Statements	4-7
 <u>SUPPLEMENTAL INFORMATION</u>	
Schedule of Tax Levies (Comparative)	8
Schedule of Investments – All Funds	9-10
Schedule of Surety Bonds for Town Officials	11
Schedule of Debt	12
 <u>STATE AUDITOR COMPLIANCE</u>	
Report on Compliance with State Laws and Regulations	13

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**ACCOUNTANT'S COMPILATION REPORT**

**VERBALEE B. WATTS**  
**CERTIFIED PUBLIC ACCOUNTANT**

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November 26, 2012

**ACCOUNTANT'S COMPILATION REPORT**

Mayor and Board of Aldermen  
Town of Bude, Mississippi

We have compiled the accompanying Combined Statement of Cash Receipts and Disbursements, of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Bude, Mississippi, as of and for the year ended September 30, 2012, as listed in the table of contents. We have not audited or reviewed the accompanying financial statements and accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the Cash Receipts and Disbursements basis of accounting.

The management of the Town of Bude, Mississippi is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

As described in Note 1 to the financial statements, the Town of Bude, Mississippi, prepares its financial statements on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

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

VERBALEE B. WATTS & ASSOCIATES

  
Verbalee B. Watts  
Certified Public Accountant

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**FINANCIAL STATEMENTS**

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**TOWN OF BUDE, MISSISSIPPI**

**COMBINED STATEMENT OF  
CASH RECEIPTS AND CASH DISBURSEMENTS - ALL FUNDS  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2012**

	--- Governmental Activities ---		Business-Type	--- Memorandum Only ---	
	<u>General</u>	<u>Special Revenue</u>	<u>Water Fund</u>	<u>Totals</u>	
				<u>2012</u>	<u>2011</u>
<b><u>CASH DISBURSEMENTS</u></b>					
Donations	\$ -	\$ -	\$ -	\$ -	\$ 100.00
Dues and Memberships	7,915	-	200	8,115	6,946
Salaries	183,656	-	-	183,656	174,604
Retirement	22,515	-	-	22,515	19,697
Payroll Taxes	14,046	-	-	14,046	13,358
Repairs	9,417	-	27,642	37,059	43,627
Supplies	3,042	-	19,398	22,440	27,002
Other Services	-	-	-	-	6,600
Insurance	61,183	-	-	61,183	50,150
Gas & Oil	218	-	19,244	19,462	13,698
Legal and Professional	25,400	-	1,080	26,480	28,630
Equipment	9,350	-	-	9,350	1,557
Utilities	16,066	-	26,130	42,196	44,384
Library Expense	17,448	-	-	17,448	19,500
Interest on Notes	-	-	428	428	432
Note Payable CAP Loan	-	-	5,153	5,153	5,673
Telephone	4,323	-	-	4,323	5,002
Travel Expense	10,580	-	-	10,580	9,461
Waste Water Operator	-	-	6,600	6,600	6,250
Interest Expense	-	-	172	172	-
2011 Grant Expenses	-	-	-	-	371,996
Election Expense	675	-	-	675	-
Other Fund Transfers	-	266	-	266	8,352
State Assessments Paid	3,577	-	-	3,577	5,777
Sales Tax	-	-	2,254	2,254	-
Other Miscellaneous Expense	6,321	-	6,699	13,020	14,208
<b><u>TOTAL DISBURSEMENTS</u></b>	<b>395,732</b>	<b>266</b>	<b>115,000</b>	<b>510,998</b>	<b>877,004</b>
<b><u>CASH BALANCE-END OF YEAR</u></b>	<b>391,903</b>	<b>-</b>	<b>192,581</b>	<b>584,484</b>	<b>583,095</b>
<b><u>TOTAL AMOUNT ACCOUNTED FOR</u></b>	<b>\$ 787,635</b>	<b>\$ 266</b>	<b>\$ 307,581</b>	<b>\$ 1,095,482</b>	<b>\$ 1,460,099</b>

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

**TOWN OF BUDE, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

(1) **Summary of Significant Accounting Policies**

The Town of Bude operates under a Mayor/Alderman form of government and provides services as authorized by law.

A. Reporting Entity

The financial statements of the Town consist of all the funds of the Town.

B. Fund accounting

The accounts of the Town are organized on the basis of funds, and account groups, 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, expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into the following categories:

**GOVERNMENTAL FUNDS**

**GENERAL FUND**

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs not paid through other funds are paid from the General Fund.

**PROPRIETARY FUNDS**

Proprietary Funds are used to account for operations which are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination or revenues earned, expenses incurred or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted for specific expenditure purposes. Special Revenue Funds include the CDBG and Home Grant Program.

**FIDUCIARY FUNDS**

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. This includes an Expendable Trust Fund. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds.

**TOWN OF BUDE, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

C. Basis of Accounting

The financial statements are prepared on a cash receipts and disbursements basis, as prescribed by the Mississippi State Department of Audit. 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.

D. Total Columns on Combined Statements - Overview

Total columns on the Combined Statements - Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, and changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to consolidation. Interfund eliminations have not been made in the aggregation of this data.

E. Cash

The Town deposits excess funds in the financial institution selected by the board of aldermen in accordance with state statutes.

Cash consists of amounts on deposit with a financial institution, all of which are in interest bearing demand accounts and saving accounts.

Various restrictions on these deposits are imposed by State statutes.  
These restrictions are summarized as follows:

All deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance (FSLIC) must be collateralized in an amount equal to 105% of the uninsured amount. The collateral must be on deposit with the Town Clerk.

F. Investments

The Town is allowed, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county or municipality of this state, when such county or municipal bonds have been properly approved; or in interest-bearing time certificates of deposit with any financial institution approved for the deposit of state funds.

(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.

(3) **Property Tax**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied as of January 1 and payable on or before February 1. The county tax collector prepares, collects and transmits both real estate and personal property tax receipts to the Town of Bude each month. The cover sheet attached details type of tax, etc. being transmitted. The millage rate for the Town of Bude for January through December, 2012 was 35.00 mills, broken down as follows:

**TOWN OF BUDE, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

<u>Fund</u>	<u>Mills</u>
General Fund (Includes fire)	31.65
Special Street Fund	<u>3.35</u>
	35.00

Restrictions associated with property tax levies are established by state law which provides that the tax levy for general purposes shall produce no more than 110% of the amount which results from those levies' assessments of the previous year.

(4) **Defined Benefit Pension Plan**

Plan Description - The Town of Bude 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 Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444 PERS.

Funding Policy - PERS members were required to contribute 9% and the Town of Bude 12% of covered salaries thru June 30, 2012. Effective July 1, 2012 the Town of Bude contributes 14% of covered salaries. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The Town of Bude's contributions to PERS for the years ending September 30, 2012, 2011, and 2010 were \$22,515, \$19,697, and \$17,474 respectively, equal to the required contributions for each year.

(5) **Cash and Investments**

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 State Legislature and is governed by Section 27-105-5 Miss. 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. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

(6) **Long - Term Commitment**

There were no Long - Term Commitments.

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**TOWN OF BUDE, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**

(Continued)

(7) **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 Bude carries commercial insurance.

Grant monies received and disbursed by the Town of Bude, 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.

(8) **Water and Sewer Debt**

A schedule of debt is on page 12 of this report.

Following is a summary of note payable maturities:

<u>Year Ending</u> <u>September 30,</u>	<u>Water &amp; Sewer</u> <u>Cap Loan</u>
2013	\$ <u>2,869</u>

(9) **Interfund Receivables/Payables**

The following is a summary of Interfund receivables and payables as of September 30, 2012:

<u>Amount</u>	<u>Due To</u>	<u>Due From</u>
\$ 1,704.14	General Fund	Clearing Fund
90.11	General Fund	CDBG Fund
<u>332.45</u>	General Fund	Water & Sewer
<u>\$ 2,126.70</u>	<b>Total</b>	

(10) **Subsequent Events**

There were no subsequent events that would affect these financial statements.

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**SUPPLEMENTAL INFORMATION**

**TOWN OF BUDE, MISSISSIPPI**  
**SCHEDULE OF TAX LEVIES (COMPARATIVE)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>2011</u>		<u>2012</u>	
	<u>Mills</u>	<u>Percent</u>	<u>Mills</u>	<u>Percent</u>
General Fund	31.40	89.71	31.40	89.71
Fire Protection Fund	.25	.72	.25	.72
Special Street Fund	<u>3.35</u>	<u>9.57</u>	<u>3.35</u>	<u>9.57</u>
	<u>35.00</u>	<u>100.00</u>	<u>35.00</u>	<u>100.00</u>

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**TOWN OF BUDE, MISSISSIPPI**  
**SCHEDULE OF INVESTMENTS – ALL FUNDS**  
**SEPTEMBER 30, 2012**

**GENERAL FUND:**

Certificate of Deposit

*General Improvement*

Issued October 07, 2012 – Matures April 07, 2013  
#8384 @ .5% Interest

\$ 15,184

*General Improvement*

Issued October 07, 2012 – Matures April 07, 2013  
#8391 @ .5% Interest

10,124

*General Fund*

February 4, 2012 – Due 12 months after deposit  
#4636 @ .5% Interest

12,069

*Law Enforcement*

Issued October 07, 2012 – Matures April 07, 2013  
#8387 @ .5% Interest

1,619

*Special Street Improvement*

Issued October 07, 2012 – Matures April 07, 2013  
#8388 @ .5% Interest

10,124

*Fire Department*

Issued October 07, 2012 – Matures April 07, 2013  
#8390 @ .5% Interest

10,215

Issued October 07, 2012 – Matures April 07, 2013  
#8389 @ .5% Interest

10,119

**TOTAL GENERAL FUND**

**\$ 69,454**

**DEBT SERVICE FUND:**

Certificate of Deposit

*Gas System Construction Fund*

March 09, 2012 – Due 12 months after deposit  
#4355 @ .5% Interest

\$ 733

**TOTAL DEBT SERVICE FUND**

**\$ 733**

**TOWN OF BUDE, MISSISSIPPI**  
**SCHEDULE OF INVESTMENTS – ALL FUNDS**  
**SEPTEMBER 30, 2012**

(CONTINUED)

**ENTERPRISE FUND:**

Certificate of Deposit

*Water and Sewer Fund – Depreciation & Contingent*

Issued October 07, 2012 – Matures April 07, 2013

#8386 @ .5% Interest

\$ 10,124

**TOTAL ENTERPRISE FUND**

\$ 10,124

**TRUST AND AGENCY FUND:**

Certificate of Deposit

*Employment Compensation Revolving Fund*

April 25, 2012 - Due 12 months after deposit

#4608 @ .5% Interest

\$ 4,617

**TOTAL TRUST AND AGENCY FUND**

\$ 4,617

**TOTAL INVESTMENTS – ALL FUNDS**

\$ 84,928

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Town of Bude  
Bude, Mississippi  
Compilation Report  
September 30, 2012

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**VERBALEE B. WATTS & ASSOCIATES  
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**TOWN OF BUDE, MISSISSIPPI**  
**SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS**  
SEPTEMBER 30, 2012

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Thomas Earl Case	Mayor	<u>Western Surety Co.</u>	\$ 206,000
		MS Municipalities Bond Program (4 Year Bond - 7/6/09 - 7/6/13)	\$ 25,000
Marilyn Faust	Tax Collector Town Clerk	<u>Western Surety Co.</u>	\$ 206,000
		Brierfield Insurance Co.	\$ 50,000
Gordon Dover	Marshall	Brierfield Insurance Co.	\$ 50,000
Everette Marshall	Deputy Marshall	<u>United States Fidelity and Guaranty Co.</u>	\$ 25,000
Kenneth Peeples, Grady Huff, Fannie Brown, Lee Jay Romero, III, and Tommy Gibbs, Sr.	Aldermen	MS Municipalities Bond Program c/o Scott Insurance (4 Year Bond - 7/6/09 - 7/6/13)	\$ 25,000

**TOWN OF BUDE, MISSISSIPPI**  
**SCHEDULE OF DEBT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

<b>Balance Outstanding 9/30/2011</b>	<b>Transactions During Fiscal Year Redeemed</b>	<b>Balance Outstanding 9/30/2012</b>
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**OTHER LONG-TERM DEBT:**

*Water and Sewer Fund:*

N/P - Cap Loan	\$8,022	\$5,153	\$2,869
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**STATE AUDITOR COMPLIANCE**

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November 26, 2012

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**REPORT ON COMPLIANCE WITH STATE  
LAWS AND REGULATIONS**

To the Mayor and Board of Aldermen  
Town of Bude, Mississippi

We have compiled the accompanying Statement of Cash Receipts and Disbursements – Governmental and Business-type Activities, Schedule of Tax Levies, Schedule of Investments, Schedule of Surety Bonds, and Schedule of Long-term Debt for the year ended September 30, 2012, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

We have performed procedures to test compliance with certain state laws and regulations as described in 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.

This report is intended 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.

VERBALEE B. WATTS & ASSOCIATES

  
Verbalee B. Watts  
Certified Public Accountant

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