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**TOWN OF DERMA, MISSISSIPPI**

**COMPILATION &  
AGREED UPON PROCEDURES REPORT**

**OCTOBER 1, 2003 – SEPTEMBER 30, 2004**

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**RONNIE S. WINDHAM**  
**Certified Public Accountant**  
**P.O. Box 159**  
**Oxford, MS 38655**

**ACCOUNTANT'S COMPILATION REPORT**

Honorable Mayor Dock H. Gabbert  
Board of Aldermen  
Town of Derma  
Derma, MS 38839

I have compiled the accompanying Combined Statement of Cash Receipts and Disbursements-All Fund Types of the Town of Derma, Mississippi for the year ended September 30, 2004, in accordance with Statements of Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying Combined Statement of Cash Receipts and Disbursements-All Fund Types and, accordingly, do not express an opinion or any other form of assurance on it.

The Town's policy is to prepare its financial statement on the basis of cash receipts and disbursements; consequently, certain revenue is recognized when received rather than when measurable and available, and certain expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the Statement of Cash Receipts and Disbursements-All Fund Types is not intended to present results of operations, in conformity with generally accepted accounting principles.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements. If the omitted disclosures were included, 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 contained on page 4 through 6 is presented for purposes of additional analysis and has been compiled by me from information that is the representation of management of the town of Derma, Mississippi without audit or review. Accordingly I do not express an opinion or any other form of assurance on such supplementary information.

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Ronnie S. Windham CPA

May 19, 2005

**TOWN OF DERMA, MISSISSIPPI  
COMBINED STATEMENT OF CASH RECEIPTS & DISBURSEMENTS  
(ALL FUNDS) - CASH BASIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	<u>GOVERNMENTAL FUND TYPE</u>		<u>PROPRIETARY</u>	<u>TOTALS</u>	
	GENERAL	CAPITAL PROJECTS	FUND TYPE WATER & SEWER	(MEMORANDUM ONLY) 2003-04	2002-03
<b>CASH RECEIPTS</b>					
Taxes					
General Property Taxes	60,849.44		1,330.97	62,180.41	60,762.24
Payments in Lieu of Taxes	4,723.87		52.02	4,775.89	4,299.25
Penalties & Interest on Delinquent Taxes	1,220.15			1,220.15	1,447.07
Licenses & Permits					
Utility Franchise Charges	9,844.11			9,844.11	9,770.17
Other	873.07			873.07	747.58
Intergovernmental Receipts					
State Grants					
General Municipal Aid	533.22			533.22	533.22
Homestead Exem. Reimb.	5,055.77		110.58	5,165.75	4,810.08
State Shared Receipts					
Sales Tax	60,606.38			60,606.38	51,407.36
Fire Protection Allocation	4,370.91			4,370.91	4,623.90
Gasoline Taxes	2,813.04			2,813.04	2,762.68
Law Enforcement Grant	1,350.00			1,350.00	64,089.00
County Road Taxes	287.64			287.64	250.34
CDBG Grant		6,500.00		6,500.00	141,378.14
Enterprise Operations					
Revenues Collected					
Water & Sewer Utility			200,325.91	200,325.91	197,175.23
Fines & Forfeits	23,711.84			23,711.84	16,347.09
Fire Fees	1,400.00		10,734.77	12,134.77	12,456.50
Sanitation			39,307.00	39,307.00	39,914.15
Miscellaneous Income	<u>5,245.40</u>	<u>0</u>	<u>40.00</u>	<u>5,285.40</u>	<u>2,763.51</u>
<b>TOTAL REVENUE RECEIPTS</b>	<u>182,884.84</u>	<u>6,500.00</u>	<u>251,901.25</u>	<u>441,286.09</u>	<u>615,537.51</u>
<b>OTHER RECEIPTS</b>					
Rent	0			0	500.00
Interest Income	56.01		210.16	266.17	530.26
Transfers	71,110.58		43,848.00	114,958.58	140,508.35
Loan Proceeds	0	0	0	0	22,766.36
<b>TOTAL OTHER RECEIPTS</b>	<u>71,166.59</u>	<u>0</u>	<u>44,058.16</u>	<u>115,224.75</u>	<u>164,304.97</u>
<b>TOTAL CASH RECEIPTS</b>	<u>254,051.43</u>	<u>6,500.00</u>	<u>295,959.41</u>	<u>556,510.84</u>	<u>779,842.48</u>
Cash Balance at Beginning of Period	<u>90,355.97</u>	<u>2,050.00</u>	<u>61,064.59</u>	<u>153,470.56</u>	<u>121,463.28</u>
<b>TOTAL AMOUNT TO ACCOUNT FOR</b>	<u>344,407.40</u>	<u>8,550.00</u>	<u>357,024.00</u>	<u>709,981.40</u>	<u>901,198.72</u>

SEE ACCOMPANYING ACCOUNTANT'S COMPILATION REPORT

**TOWN OF DERMA, MISSISSIPPI  
 COMBINED STATEMENT OF CASH RECEIPTS & DISBURSEMENTS  
 (ALL FUNDS) - CASH BASIS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	GOVERNMENTAL FUND TYPE		PROPRIETARY	TOTALS	
	GENERAL	CAPITAL	FUND TYPE PROJECTS	(MEMORANDUM ONLY)	
			WATER & SEWER	2003-04	2002-03
<b>CASH DISBURSEMENTS</b>					
Operating Disbursements					
General Government	53,376.20			53,376.20	52,499.35
Public Safety					
Police	100,501.72			100,501.72	93,956.44
Fire	12,193.80			12,193.80	11,772.87
Highway & Streets	30,322.37			30,322.37	30,230.29
Sanitation	36,261.59			36,261.59	36,241.69
Culture & Recreation					
Parks	1,451.59			1,451.59	1,060.78
Enterprise					
Water & Sewer Utility			136,339.25	136,339.25	130,194.21
Interest on Bonds/Notes	<u>1,679.72</u>	<u>0</u>	<u>11,307.03</u>	<u>12,986.75</u>	<u>15,264.51</u>
<b>TOTAL OPERATING DISBURSEMENTS</b>	<u>235,786.99</u>	<u>0</u>	<u>147,646.28</u>	<u>383,433.27</u>	<u>371,220.14</u>
<b>OTHER DISBURSEMENTS</b>					
Bonds Retired					
Capital Outlays	1,000.00	6,500.00		7,500.00	145,374.53
Loans to Other Funds					
Transfers	21,067.97		93,889.81	114,957.78	140,508.35
Note Payments	<u>17,851.35</u>	<u>0</u>	<u>44,357.93</u>	<u>68,709.28</u>	<u>90,625.14</u>
<b>TOTAL OTHER DISBURSEMENTS</b>	<u>39,919.32</u>	<u>6,500.00</u>	<u>138,247.74</u>	<u>184,667.06</u>	<u>376,508.02</u>
<b>TOTAL CASH DISBURSEMENTS</b>	<u>275,706.31</u>	<u>6,500.00</u>	<u>285,894.02</u>	<u>568,100.33</u>	<u>747,728.16</u>
Cash Balance at End of Period	<u>68,701.04</u>	<u>2,050.00</u>	<u>71,129.98</u>	<u>141,881.07</u>	<u>153,470.56</u>
<b>TOTAL AMOUNT ACCOUNTED FOR</b>	<u>344,407.40</u>	<u>8,550.00</u>	<u>357,024.00</u>	<u>709,981.40</u>	<u>901,198.72</u>

Cash balances are made up of Cash on Hand, Cash in Bank Account & Cash in Certificates of Deposit

SEE ACCOMPANYING ACCOUNTANT'S COMPILATION REPORT

**TOWN OF DERMA, MISSISSIPPI  
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS  
SEPTEMBER 30, 2004**

<u>NAME</u>	<u>POSITION</u>	<u>SURETY</u>	<u>BOND AMOUNT</u>
Joanna D. Russell	City Clerk	Western Surety	50,000
Joanna D. Russell	Clerk & Water Bill Collector	Western Surety	35,000
Gloria Odom	Deputy Clerk	Western Surety	10,000
Shane Childs	Deputy Clerk	Western Surety	25,000
Al Mullins	Police Chief	Western Surety	50,000
George L. Pollan	Police Officer	Western Surety	25,000
Gregory L. Pollan	Police Officer	Western Surety	25,000
Randy Bailey	Police Officer	Western Surety	25,000
Edd W. Reems	Police Officer	Western Surety	25,000
Charles Jackson	Police Officer	Western Surety	25,000
Dock H. Gabbert	Mayor	Western Surety	State Requirement
Board of Aldermen	Aldermen	MS Municipal Plan	State Requirement

SEE ACCOMPANYING ACCOUNTANT'S COMPILATION REPORT

**TOWN OF DERMA, MISSISSIPPI  
SCHEDULE OF LONG-TERM DEBT  
YEAR ENDED SEPTEMBER 30, 2004**

DEFINITION & PURPOSE	BALANCE 10/1/2003	TRANSACTIONS DURING YEAR		BALANCE 9/30/2004
		ISSUED	REDEEMED	
G.O. BONDS	0.00	0.00	0.00	0.00
<u>REVENUE BONDS</u>				
02-07-72, Farmers Home Adm. Water & Sewer	68,035.30	0.00	10,159.64	57,875.66
10-22-81, Farmers Home Adm. Water & Sewer	124,703.71	0.00	7,446.34	117,257.37
<u>OTHER LONG-TERM DEBT</u>				
06-10-94, Union Planters Bank Water & Sewer	12,545.77	0.00	12,545.77	0.00
05-22-96, State of MS Water & Sewer	21,901.35	0.00	9,936.12	11,965.23
2-12-01, Union Planters Bank Water & Sewer	8,534.43	0.00	3,356.43	5,178.00
9-03-02 Peoples Bank Public Safety	2,835.69	0.00	2,835.69	0.00
<u>LEASE PURCHASE AGREEMENT</u>				
06-00, United Equipment (Case) Water & Sewer	7,565.83	0.00	7,565.83	0.00
10-02 BBI Computer Software Gen & Water & Sewer	13,187.22	0.00	6,566.05	6,621.17
04-03 Grenada Equipment Water & Sewer & Public Works	<u>2,935.41</u>	<u>0.00</u>	<u>1,796.52</u>	<u>1,138.89</u>
<b>TOTALS</b>	<u><u>262,244.71</u></u>	<u><u>0.00</u></u>	<u><u>62,208.39</u></u>	<u><u>200,036.32</u></u>
Assessed Valuation	2,860,543			
Population		1023-2000 census		

SEE ACCOMPANYING ACCOUNTANT'S COMPILATION REPORT

**TOWN OF DERMA, MISSISSIPPI  
SCHEDULE OF INVESTMENTS  
YEAR ENDED SEPTEMBER 30, 2004**

GOVERNMENTAL FUND TYPES:	
General Fund	
Certificate of Deposit	<u>4,580.52</u>
TOTAL GOVERNMENTAL FUND TYPES	4,580.52
PROPRIETARY FUND TYPES:	
Enterprise Fund	
Certificate of Deposit	<u>24,242.64</u>
TOTAL PROPRIETARY FUND TYPES	<u>24,242.64</u>
TOTAL INVESTMENTS	<u><u>28,823.16</u></u>

SEE ACCOMPANYING ACCOUNTANT'S COMPILATION REPORT

**RONNIE S. WINDHAM**  
**Certified Public Accountant**  
**P.O. Box 159**  
**Oxford, MS 38655**

**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

Honorable Mayor Dock H. Gabbert  
Board of Aldermen  
Town of Derma  
Derma, MS 38839

I have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Derma, Mississippi, as of September 30, 2004, and for the year then ended, as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Mississippi code, 1972, Annotated. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified user of the report.

Consequently, I 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.

My procedures and findings are as follows:

1. I 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:

<u>BANK</u>	<u>FUND</u>	<u>GENERAL LEDGER</u>	<u>BALANCE</u>
Union Planters Bank of MS	General		15,389.29
Union Planters Bank of MS	General		12,851.30
Union Planters Bank of MS	General		6,415.84
Union Planters Bank of MS	General		<u>1,350.00</u>
	Total		\$36,006.43
Union Planters Bank of MS	Proprietary		35,298.07
Union Planters Bank of MS	Proprietary		<u>803.23</u>
	Total		36,101.30
Union Planters Bank of MS	Capital Projects		<u>2,050.00</u>
			2,050.00

2. I 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).

GENERAL SECURITY	FUND	LEDGER COST
Savings Account – Union Planters	Proprietary	\$ 2,318.19
Savings Account – Union Planters	Proprietary	8,467.85
Savings Account – Union Planters	General	717.44
Savings Account – Union Planters	General	25,901.74
Savings Account – Union Planters	General	1,494.96
Certificate of Deposit – Union Planters	General	4,580.52
Certificate of Deposit – Union Planters	Proprietary	24,242.64

3. I performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
  - a. Verify use of certified county assessment rolls and trace levies to governing body minutes;
  - b. Examined uncollected taxes for proper handling, including tax sales;
  - c. Traced distribution of taxes collected to proper funds; and
  - d. 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).

4. I 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:

<u>PURPOSE</u>	<u>RECEIVING FUND</u>	<u>AMOUNT</u>
Fire Protection	General	\$ 4,370.91
General Municipal Aid	General	533.22
Gasoline Tax	General	2,813.04
Homestead Exemption	General	5,166.35
TVA in Lieu of Taxes	General	4,775.89
Sales Tax	General	60,606.38
CDBG Grant	Capital Projects	6,500.00
Other Aid to Municipalities – LLEBG Grant	Debt Service	1,350.00

5. I 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	40
Dollar Value of Sample	\$16,062.02

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

6. I have read the Municipal Compliance Questionnaire completed by the municipality. The following responses to the questionnaire indicate noncompliance with state requirements. (The completed survey indicated no instances of noncompliance with state requirements.)

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's compliance with laws and regulations. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

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

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Ronnie S. Windham, CPA  
May 19, 2005