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**TOWN OF ACKERMAN, MISSISSIPPI
COMPILATION REPORT
AND SPECIAL REPORT ON
AGREED-UPON PROCEDURES
FOR SMALL TOWNS
SEPTEMBER 30, 2008**

TOWN OF ACKERMAN, MISSISSIPPI
Compilation Report
September 30, 2008

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The Honorable Mayor and Board of Aldermen
Town of Ackerman, Mississippi
Ackerman, Mississippi

We have compiled the accompanying combined statement of cash receipts and disbursements (all funds) – of the Town of Ackerman, Mississippi for the year ended September 30, 2008, and the accompanying supplemental information, which is only presented for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statement has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of a financial statement, information that is the representation of management. We have not audited or reviewed the accompanying financial statement and, accordingly, do not express an opinion or any other form of assurance on it.

Management has not presented the management’s discussion and analysis information and budgetary comparison information that the *Government Accounting Standards Board* has determined is required to supplement, although not required to be a part of, the basic financial statements.

Starkville, Mississippi
January 31, 2009

Watkins, Ward and Stafford PLLC

TOWN OF ACKERMAN, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>	<u>Total (Memorandum Only)</u>
Revenue Receipts:						
Taxes:						
Current Year	\$ 291,227		47,409			338,636
Prior year, penalties and interest	4,237		233			4,471
Licenses and permits	6,462					6,462
In lieu of taxes/franchise fees	46,149					46,149
State Shared Revenues:						
Homestead reimbursement	33,051		5,380			38,431
Sales Tax	299,486					299,486
Other state revenue	25,438	89,891				115,329
County Shared Revenues:						
Pro rata road tax	45,358					45,358
Fire protection	-					-
Charges for Services:						
Water Utility				578,944		578,944
Cemetery lots	4,700					4,700
Fines and forfeitures	16,654					16,654
Interest income	22,345	-	989	21,189	27	44,550
Miscellaneous	23,579		1,341	-		24,920
Total Revenue Receipts	<u>818,685</u>	<u>89,891</u>	<u>55,353</u>	<u>600,134</u>	<u>27</u>	<u>1,564,090</u>
Other Receipts:						
Customer Deposits				2,140		2,140
Transfers In	50,000		29,317			79,317
Total Other Receipts	<u>50,000</u>	<u>-</u>	<u>29,317</u>	<u>2,140</u>	<u>-</u>	<u>81,457</u>
Total Receipts	868,686	89,891	84,670	602,274	27	1,645,546
Cash Balance - Beginning of Year	<u>706,949</u>	<u>(5,985)</u>	<u>72,698</u>	<u>816,117</u>	<u>6,483</u>	<u>1,596,262</u>
Total Amount To Account For	<u>\$ 1,575,635</u>	<u>83,906</u>	<u>157,368</u>	<u>1,418,391</u>	<u>6,510</u>	<u>3,241,809</u>

TOWN OF ACKERMAN, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) (Continued)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>	<u>Total (Memorandum Only)</u>
<u>Operating Disbursements:</u>						
General government	\$ 269,701					269,701
Public Safety:						
Police	288,345					288,345
Fire	24,334					24,334
Street Department	197,925					197,925
Culture and recreation	40,668					40,668
Cemetery	11,351					11,351
Enterprises:						
Water Utility				296,516		296,516
Capital Outlay		83,906		7,359		91,264
Debt Service:						
Interest and fiscal fees			36,833	10,838		47,671
Total Operating Disbursements	<u>832,324</u>	<u>83,906</u>	<u>36,833</u>	<u>314,713</u>		<u>1,267,775</u>
<u>Other Disbursements:</u>						
Bonds Retired			40,000	7,793		47,793
Bank Loans Repaid			7,544	24,447		31,992
Operating Transfers Out	59,048			50,000		109,048
Total Other Disbursements	<u>59,048</u>	<u>-</u>	<u>47,544</u>	<u>82,240</u>	<u>-</u>	<u>188,832</u>
Total Disbursements	891,371	83,906	84,378	396,953	-	1,456,608
Cash Balance - End of Year	<u>684,263</u>	<u>-</u>	<u>72,990</u>	<u>1,021,438</u>	<u>6,510</u>	<u>1,785,201</u>
Total Amount Accounted For	<u>\$ 1,575,635</u>	<u>83,906</u>	<u>157,368</u>	<u>1,418,391</u>	<u>6,510</u>	<u>3,241,809</u>

TOWN OF ACKERMAN, MISSISSIPPI
Notes to Financial Statement
September 30, 2008

Note A: Summary of Significant Accounting Policies

Reporting Entity

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

The Citizens of Ackerman have 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.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic - but not only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no includable or excludable potential component units.

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, and expenditures. Government 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. The various funds are grouped, in the financial statement of this report, into four generic fund types and twobroad fund categories as follows:

TOWN OF ACKERMAN, MISSISSIPPI
Notes to Financial Statement
September 30, 2008

Note A: Summary of Significant Accounting Policies (Cont'd)

Governmental Funds:

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. Included in this fund are the General Fund and the Cemetery Fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs. The Interest & Sinking Fund comprise the Debt Service Fund.

Special Revenue Fund - The Special Revenue Fund accounts for the proceeds of specific revenue sources, other than major capital projects or expendable trust funds, that are legally restricted to expenditures for specified purposes. The Special Revenue Fund is the Capital Projects Fund.

Fiduciary Funds - Fiduciary funds are used to account for assets held in a trustee or agency capacity for others. The Fiduciary Fund is the Unemployment Comp. Fund.

Proprietary Funds:

Enterprise Funds - Enterprise Funds are used to account for operations (a) that 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 use charges; or (b) where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Proprietary Funds are the Water and Sewer Fund.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Town uses the cash receipts and disbursements basis of accounting as prescribed by the Mississippi State Department of Audit. Revenues are recognized when received rather than when earned and expenditures are recognized when paid rather than when the liability is incurred.

TOWN OF ACKERMAN, MISSISSIPPI
Notes to Financial Statement
September 30, 2008

Note A: Summary of Significant Accounting Policies (Cont'd)

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.

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 ACKERMAN, MISSISSIPPI
Schedule of Investments (All Funds)
September 30, 2008

<u>Ownership</u>	<u>Type</u>	<u>Interest Rate</u>	<u>Acquisition Date</u>	<u>Maturity Date</u>	<u>Bank</u>	<u>Investment Cost/Value</u>
General Fund	CD	1.49%	12/1/2007	12/1/2008	M&F Bank	\$ 83,237
General Fund	CD	3.00%	5/23/2008	11/21/2008	Bank of Kilmichael	300,000
General Fund	CD	3.00%	6/2/2008	6/2/2009	Bank of Kilmichael	113,000
Debt Service Fund	CD	3.00%	6/2/2008	6/2/2009	Bank of Kilmichael	6,900
Enterprise Fund	CD	1.49%	12/1/2007	12/1/2008	M&F Bank	61,203
Enterprise Fund	CD	3.00%	5/23/2008	11/21/2008	Bank of Kilmichael	265,000
Enterprise Fund	CD	3.00%	6/2/2008	6/2/2009	Bank of Kilmichael	132,000
						<u>\$961,340</u>

TOWN OF ACKERMAN, MISSISSIPPI
Schedule of Long-Term Debt
September 30, 2008

<u>Definition and Purpose</u>	<u>Balance Outstanding October 1, 2007</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance Outstanding September 30, 2008</u>
General Obligation Bonds:				
1999 G.O. Bonds	\$ 484,000	-	30,000	454,000
2004 G.O. Bonds	178,000	-	7,000	171,000
2005 G.O. Bonds	84,000	-	3,000	81,000
Revenue Bonds:				
1980 Water and Sewer Bonds	52,431	-	7,793	44,638
Other Long-term Debt:				
CAP Loan 4-102-CP-01	47,733	-	7,544	40,188
CAP Loan 0-102-CP-01	83,073	-	4,844	78,228
CAP Loan 03-102-CP-01	267,235	-	19,603	247,632
Totals	\$ 1,196,472	-	79,785	1,116,687

TOWN OF ACKERMAN, MISSISSIPPI
 Schedule of Surety Bonds for Municipal Officers
 September 30, 2008

<u>POSITION</u>	<u>NAME</u>	<u>INSURANCE COMPANY</u>	<u>COVERAGE</u>
Mayor	Richard Cain	Travelers Casualty & Surety Co. of America	\$ 25,000
Town Clerk	Deborah T. Boley	Travelers Casualty & Surety Co. of America	\$ 50,000
Clerical Ass't	Patricia Ann Coleman	Travelers Casualty & Surety Co. of America	\$ 15,000
Clerical Ass't	Doris G. Worrell	Travelers Casualty & Surety Co. of America	\$ 15,000
Deputy Clerk	Bobbye Webb	Travelers Casualty & Surety Co. of America	\$ 15,000
Alderman	George Rooks	Travelers Casualty & Surety Co. of America	\$ 20,000
Alderman	Dale Reid	Travelers Casualty & Surety Co. of America	\$ 20,000
Alderman	Carl Phelps	Travelers Casualty & Surety Co. of America	\$ 20,000
Alderman	Deborah Curtis	Travelers Casualty & Surety Co. of America	\$ 20,000
Alderman	Willie Miller	Travelers Casualty & Surety Co. of America	\$ 20,000



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**SPECIAL REPORT ON AGREED-UPON
PROCEDURES FOR SMALL MUNICIPALITIES (TOWNS)**

The Honorable Mayor and Board of Alderman
Town of Ackerman

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Ackerman, Mississippi, as of September 30, 2008, 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). It is understood that this report is solely for the use of the governing body of the Town of Ackerman, Mississippi, and the Office of the State Auditor and should not be used for any other purposes. Our procedures and 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 banks:

<u>Bank</u>	<u>Fund</u>	<u>Balance</u>
Merchants and Farmers	General	\$ 188,389
Merchants and Farmers	Debt Service	66,090
Merchants and Farmers	Enterprise	563,235
Merchants and Farmers	Trust and Agency	6,510
Merchants and Farmers	Special Revenue	7,942
	Total	\$ 832,166

2. We physically examined securities held for investment. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972).

<u>General Security</u>	<u>Fund</u>	<u>Balance</u>
Certificate of Deposit	General	\$ 496,237
Certificate of Deposit	Debt Service	6,900
Certificate of Deposit	Enterprise	458,203
	Total	<u>\$ 961,340</u>

3. 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 the 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 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 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>Payment Purpose</u>	<u>Receiving Fund</u>	<u>Amount</u>
Gasoline Tax	General	\$ 4,769
General Municipal Aid	General	884
Other Grants	General	6,300
Fire Protection Allocation	General	8,784
Homestead Exemption Reimbursement	General	38,431
Other Aid in Municipalities	General	89,891
Sales Tax Allocation	General	298,869
TVA Payments in Lieu of Taxes	General	15,382
Emergency Management Funds	General	23,156
Trans of Escrow Pay Vet Loan	General	651
	Total	<u>\$ 487,116</u>

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 Title 31, Chapter 7, Miss. Code Ann. (1972), as applicable.

The sample consisted of the following:

- a. Number of Sample Items 60
- b. Total Dollar Value of Sample \$37,790

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

6. 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 our attention that caused us to believe the items specified in Paragraphs 1, 2 and 3 should be adjusted. Had we performed additional procedures or had we conducted an audit of the financial statements in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to you. This report should not be associated with the financial statements of the Town of Ackerman, Mississippi for the year ended September 30, 2008.

Starkville, Mississippi
January 31, 2009

Wathi Ward al Stafford PLLC

TOWN OF ACKERMAN, MISSISSIPPI
Additional Information
Year Ended September 30, 2008

DEFINED BENEFIT PLAN

Plan Description

The Town of Ackerman 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 Employees 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 are required to contribute 7.25% of their annual covered salary and the Town of Ackerman is required to contribute at an actuarially determined rate. The current rate is 11.85% of annual covered payroll. The contribution requirement of PERS members are established and may be amended only by the State of Mississippi Legislature. The Town of Ackerman's contributions to PERS for the year ended September 30, 2008, were \$59,457.
