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TOWN OF BROOKSVILLE, MISSISSIPPI

**COMPILATION AND AGREED-UPON
PROCEDURES REPORT**

For the Year Ended September 30, 2009

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INDEPENDENT ACCOUNTANTS' REPORT

HONORABLE MAYOR AND BOARD OF ALDERMEN
TOWN OF BROOKSVILLE
BROOKSVILLE, MISSISSIPPI

We have compiled the accompanying Combined Statement of Cash Receipts and Disbursements – All Funds of the Town of Brooksville, Mississippi, for the year ended September 30, 2009, and the accompanying supplementary information contained in Schedules 1 and 2, which are presented only for supplementary analysis purposes, in accordance with Statements on 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 and supplementary schedules information that is the representation of management. We have not audited or reviewed the accompanying Combined Statement of Cash Receipts and Disbursements – All Funds and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.

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 Combined Statement of Cash Receipts and Disbursements – All Funds 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 prepared on the cash basis of accounting. 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.

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

Rea, Shaw, Giffin & Stuart

REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi
July 27, 2011

TOWN OF BROOKSVILLE, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS – ALL FUNDS
For the Year Ended September 30, 2009

	General Fund Type		Proprietary Fund Type	Total (Memorandum Only)
	General	Special Revenue		
REVENUE RECEIPTS				
General property taxes	\$ 186,647	\$ -	\$ -	\$ 186,647
Penalties and interest	772	-	195	967
Intergovernmental revenues:				
Federal revenue:				
Fire and police grant	-	-	-	-
Fire protection	8,785	-	-	8,785
State shared revenues:				
TVA payments	7,960	-	-	7,960
Sales tax	107,614	-	-	107,614
Gasoline tax and municipal aid	3,289	-	-	3,289
County revenues:				
Road and bridge tax	12,522	-	-	12,522
Charge for services:				
Sewer utility	-	-	50,338	50,338
Water utility	-	-	223,436	223,436
Fines and forfeitures	41,112	-	12,609	53,721
Total revenue receipts	\$ 368,701	\$ -	\$ 286,578	\$ 655,279
OTHER RECEIPTS				
Interest income	\$ -	\$ -	\$ -	\$ -
Loans and transfers	142,846	-	26,195	169,041
Miscellaneous	42,932	-	102,714	145,646
Total other receipts	\$ 185,778	\$ -	\$ 128,909	\$ 314,687
TOTAL RECEIPTS	\$ 554,479	\$ -	\$ 415,487	\$ 969,966
Cash balance - beginning of year	141,577	9,423	56,202	207,202
Total Unaccounted for	62,342	17	46,288	108,647
TOTAL AMOUNT TO ACCOUNT FOR	\$ 758,398	\$ 9,440	\$ 517,977	\$ 1,285,815

TOWN OF BROOKSVILLE, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS – ALL FUNDS
(continued)
For the Year Ended September 30, 2009

	<u>General Fund Type</u>		Proprietary Fund Type	Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>		
OPERATING DISBURSEMENTS				
General government	\$ 256,930	\$ -	\$ -	\$ 256,930
Public safety:				
Police	188,383	-	-	188,383
Fire	21,264	-	-	21,264
Highways and streets:				
Repairs and maintenance	1,696	-	-	1,696
Other	138,175	-	-	138,175
Culture and recreation:				
Parks	24,748	-	-	24,748
Library	7,407	-	-	7,407
Enterprises:				
Sanitation	-	-	82,192	82,192
Sewer utility	-	-	48,030	48,030
Water utility	-	-	193,683	193,683
<u>Total operating disbursements</u>	<u>\$ 638,603</u>	<u>\$ -</u>	<u>\$ 323,905</u>	<u>\$ 962,508</u>
OTHER DISBURSEMENTS				
Loans and transfers	\$ -	\$ -	\$ 142,846	\$ 142,846
<u>Total other disbursements</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,846</u>	<u>\$ 142,846</u>
TOTAL DISBURSEMENTS	<u>\$ 638,603</u>	<u>\$ -</u>	<u>\$ 466,751</u>	<u>\$ 1,105,354</u>
Cash balance - end of year	<u>119,795</u>	<u>9,440</u>	<u>51,226</u>	<u>180,461</u>
Total unaccounted for	-	-	-	-
TOTAL AMOUNT ACCOUNTED FOR	<u>\$ 758,398</u>	<u>\$ 9,440</u>	<u>\$ 517,977</u>	<u>\$ 1,285,815</u>

TOWN OF BROOKSVILLE, MISSISSIPPI

**SELECTED INFORMATION – SUBSTANTIALLY ALL
DISCLOSURES ARE NOT INCLUDED**

Note 1. Summary of Significant Accounting Policies

Reporting entity

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

The Citizens of Brooksville 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, 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 financial statements in this report, into three generic fund types and two broad fund categories as follows:

Note 1. Summary of Significant Accounting Policies (continued)

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.

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 CDBG 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 has 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 Fund is the Water and Sewer Fund.

Basis of accounting

Basis of accounting refers to when revenues and expenditures 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.

Note 2. 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.

SUPPLEMENTARY INFORMATION

TOWN OF BROOKSVILLE, MISSISSIPPI
SCHEDULE OF INVESTMENTS – ALL FUNDS
September 30, 2009

Ownership	Type of Investment	Interest Rate	Other Information	Investment Cost/Value
General Fund	Certificate of deposit	2.82%	Cadence Bank	\$ 3,636
General Fund	Certificate of deposit	2.82%	Cadence Bank	\$ 40,851
General Fund	Certificate of deposit	1.64%	Cadence Bank	\$ 29,579
General Fund	Certificate of deposit	1.49%	Cadence Bank	\$ 31,137
General Fund	Certificate of deposit	1.15%	Cadence Bank	\$ 50,000

TOWN OF BROOKSVILLE, MISSISSIPPI

SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS

September 30, 2009

Name	Position	Insurance Company	Bond Amount	Bond Number	Time Period
Tammie Holmes	Mayor	Western Surety Company	\$ 50,000	14718959	06/30/09 - 06/30/10
Albert "A.E." Williams	Mayor Pro-Tem	Travelers Casualty & Surety	\$ 50,000	105321459	07/06/09 - 07/06/13
David Boswell	Alderman	Travelers Casualty & Surety	\$ 50,000	105321460	07/06/09 - 07/06/13
Curtis Bush	Alderman	Travelers Casualty & Surety	\$ 50,000	105321461	07/06/09 - 07/06/13
Eric Dooley	Alderman	Brierfield Insurance Company	\$ 50,000	BD3004102	02/23/09 - 02/23/10
Freda Phillips	Alderwoman	Brierfield Insurance Company	\$ 50,000	BD3004100	02/23/09 - 02/23/10
Tina Williams	Police Chief	Western Surety Company	\$ 50,000	14922911	12/11/08 - 12/11/09
Gregory Smart	City Clerk	Western Surety Company	\$ 50,000	14723024	07/06/09 - 07/06/10
Monica Chandler	Deputy Clerk	Western Surety Company	\$ 50,000	14769306	11/14/08 - 11/14/09



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

HONORABLE MAYOR AND BOARD OF ALDERMEN
 TOWN OF BROOKSVILLE
 BROOKSVILLE, MISSISSIPPI

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Brooksville, Mississippi as of September 30, 2009, 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). 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 those parties specified in this report. 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. 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.

Bank	Fund	Reconciled Balance
Cadence	General Fund	\$ 8,792
Cadence	General Fund	13,501
Cadence	General Fund	1,070
Cadence	General Fund	<u>512</u>
	Total general fund	<u>\$ 23,875</u>
Cadence	Special revenue fund	<u>\$ 9,440</u>
	Total special revenue fund	<u>\$ 9,440</u>
Cadence	Water and sewer	\$ 3,513
Cadence	Water and sewer	18,049
Cadence	Water and sewer	20,438
Cadence	Water and sewer	5,633
Cadence	Water and sewer	<u>3,593</u>
	Total water and sewer	<u>\$ 51,226</u>

Bank	Fund	Reconciled Balance
Cadence	Clearing account	\$ (55,660)
Cadence	Payroll clearing account	<u>(3,623)</u>
	Total clearing account	<u>\$ (59,283)</u>

The following accounts did not reconcile to the general ledger accounts:

Bank	Fund	Balance per General Ledger	Reconciled Balance
Cadence	General Fund	\$ 14,347	\$ 8,792
Cadence	General Fund	16,355	13,501
Cadence	General Fund	1,933	1,070
Cadence	General Fund	506	512
Cadence	Special revenue fund	26	9,440
Cadence	Water and sewer	14,223	3,513
Cadence	Water and sewer	17,812	18,049
Cadence	Water and sewer	15,826	20,438
Cadence	Water and sewer	1,473	5,633
Cadence	Water and sewer	3,549	3,593
Cadence	Clearing account	(124,369)	(55,660)
Cadence	Payroll clearing account	(29,948)	(3,623)

- We physically examined the 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).

Fund	General Security	Bank Balance
General Fund	Certificate of Deposit	\$ 3,636
General Fund	Certificate of Deposit	40,851
General Fund	Certificate of Deposit	29,579
General Fund	Certificate of Deposit	31,137
General Fund	Certificate of Deposit	50,000

The following accounts did not reconcile to the general ledger accounts:

Bank	Fund	Balance per General Ledger	Balance per Bank
Cadence	General Fund	\$ 39,425	\$ 40,851
Cadence	General Fund	28,452	29,579
Cadence	General Fund	29,747	31,137

3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
 - a. Discussed with Town management the process used to budget for ad valorem taxes and we determined that rather than using certified county assessment rolls to set the budget for ad valorem taxes, the Town consulted with the Noxubee County Tax Collector to obtain an estimated dollar per mill amount to determine the amount of mills that should be levied;
 - b. Traced levies to governing body minutes;
 - c. Examined uncollected taxes for proper handling, including tax sales;
 - d. We were unable to trace the distribution of taxes collected to proper funds because the Town deposits all taxes into the General Fund rather than maintain separate special revenue funds for each individual levy; and
 - e. Analyzed increase in taxes for most recent period for compliance with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to funds was found not to be in accordance with prescribed tax levies. However, 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).

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>Payment</u>
General Municipal Aid	General	\$ 616
TVA Payments in Lieu of Taxes	General	<u>7,960</u>
		<u>\$ 8,576</u>

The following amounts were traced to deposit in the respective bank accounts but were not properly recorded in the general ledger:

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>Payment</u>	<u>Ledger Amount</u>
Homestead Exemption	General	\$ 22,412	\$ 11,106
Sales Tax Allocation Cty	General	106,714	107,614
Gasoline Tax	General	3,250	2,672
Liquor Privilege Tax	General	1,800	905
Fire Protection Allocation	General	<u>6,246</u>	<u>-</u>
		<u>\$ 140,422</u>	<u>\$ 122,297</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:

Number of sample items	26
Total dollar value of sample	\$ 106,864

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, we believe the items specified in paragraphs 1, 2, and 4 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 is intended solely for the use of the governing body of the Town of Brooksville, Mississippi, and the Office of the State Auditor 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.

This report should not be associated with the financial statements of the Town of Brooksville, Mississippi , for the year ended September 30, 2009.



REA, SHAW, GIFFIN & STUART, LLP