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Michael C Faust, C.P.A.

200 THIRD STREET (39648)
POST OFFICE BOX 222 (39649)
MCCOMB, MISSISSIPPI
(601) 684-6382

ACCOUNTANTS' COMPILATION REPORT

To the Honorable Mayor and Board of Alderpersons
Town of Gloster, Mississippi

We have compiled the accompanying statement of cash receipts and disbursements - governmental and business-type activities of the Town of Gloster, Mississippi for the year ended September 30, 2009, and the accompanying supplementary information contained in Schedules I, II and III, 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. 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.

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 statement of cash receipts and disbursements and supplementary information and, accordingly, do not express an opinion or any other form of assurance on them.

Management has not presented government-wide financial statements to display the cash basis financial position and changes in cash basis financial position of its governmental activities and business-type activities. Accounting principles generally accepted in the United States of America, as applied to the Town's cash basis of accounting, require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements resulting from cash basis transactions for the Town's governmental activities and business-type activities are not reasonably determinable.

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 in the financial statements, they might influence the user's conclusion about the Town's cash receipts and disbursements. Accordingly, this financial statement is not designed for those who are not informed about such matters.

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

In accordance with the provisions of Section 21-35-31, Miss. Code Ann. (1972), we have issued a report dated January 5, 2010, on the results of our agreed-upon procedures.

Faust & Associates CPA's, P.A.
McComb, Mississippi
January 5, 2010

Town of Gloster, Mississippi
Statement of Cash Receipts and Disbursements
Governmental and Business-Type Activities
For the Fiscal Year Ended September 30, 2009

	Governmental Activities				Business	
	<u>General Fund</u>	<u>Cemetery Fund</u>	<u>Other Nonmajor Funds</u>	<u>Total</u>	<u>Water and Sewer Fund</u>	
Revenue Receipts:						
Taxes - Ad Valorem	\$ 228,892	\$ -	\$ -	\$ 228,892	\$ -	\$ -
Penalties and Interest on Delinquent Taxes	750	-	-	750	-	-
Franchise Fees	22,725	-	-	22,725	-	-
Licenses and Permits	2,957	-	-	2,957	-	-
Intergovernmental Revenues	264,684	-	60,140	324,824	5,000	-
Charges for Services:						
Sanitation	103,015	-	-	103,015	-	-
Water and Sewer	-	-	-	-	329,354	-
Gas	-	-	-	-	-	-
Fines and Forfeits	52,478	-	-	52,478	-	-
Interest	1,088	421	17	1,526	909	-
Other	31,247	950	-	32,197	2,787	-
Total Revenue Receipts	<u>707,836</u>	<u>1,371</u>	<u>60,157</u>	<u>769,364</u>	<u>338,050</u>	<u>-</u>
Other Receipts:						
Interfund Loans and Transfers	57,233	-	-	57,233	-	-
Utility Deposits	-	-	-	-	1,214	-
Total Other Receipts	<u>57,233</u>	<u>-</u>	<u>-</u>	<u>57,233</u>	<u>1,214</u>	<u>-</u>
Total Receipts	765,069	1,371	60,157	826,597	339,264	-
Cash Balance - Beginning of Year	105,626	97,368	4,094	207,088	120,472	-
TOTAL AMOUNT TO ACCOUNT FOR	\$ 870,695	\$ 98,739	\$ 64,251	\$ 1,033,685	\$ 459,736	\$ -

See Accountants' Report and Selected Disclosures to Financial Statements

Town of Gloster, Mississippi
Statement of Cash Receipts and Disbursements
Governmental and Business-Type Activities
For the Fiscal Year Ended September 30, 2009

	Governmental Activities				Business	
	<u>General Fund</u>	<u>Cemetery Fund</u>	<u>Other Nonmajor Funds</u>	<u>Total</u>	<u>Water and Sewer Fund</u>	
(CONTINUED)						
Operating Disbursements:						
General Government	\$ 182,189	\$ -	\$ -	\$ 182,189	\$ -	\$ -
Public Safety	384,886	-	1,210	386,096	-	-
Public Works	254,998	-	-	254,998	-	-
Health and Welfare	469	-	-	469	-	-
Culture and Recreation	10,366	-	-	10,366	-	-
Enterprises:						
Water and Sewer	-	-	-	-	218,346	-
Gas	-	-	-	-	-	-
Interest on Loans	-	-	-	-	15,047	-
Total Operating Disbursements	<u>832,908</u>	<u>-</u>	<u>1,210</u>	<u>834,118</u>	<u>233,393</u>	<u>-</u>
Other Disbursements:						
Notes Payable Repaid	-	-	-	-	37,414	-
Capital Outlay	-	-	54,470	54,470	-	-
Interfund Loans and Transfers	-	-	-	-	28,646	-
Total Other Disbursements	<u>-</u>	<u>-</u>	<u>54,470</u>	<u>54,470</u>	<u>66,060</u>	<u>-</u>
Total Disbursements	832,908	-	55,680	888,588	299,453	-
Cash Balance - End of Year	<u>37,787</u>	<u>98,739</u>	<u>8,571</u>	<u>145,097</u>	<u>160,283</u>	<u>-</u>
TOTAL AMOUNT ACCOUNTED FOR	<u>\$ 870,695</u>	<u>\$ 98,739</u>	<u>\$ 64,251</u>	<u>\$ 1,033,685</u>	<u>\$ 459,736</u>	<u>\$ -</u>

See Accountants' Report and Selected Disclosures to Financial Statements

**TOWN OF GLOSTER, MISSISSIPPI
SELECTED DISCLOSURES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

The town operates under a Mayor - Board of Aldermen form of government and provides services as authorized by law.

Reporting Entity

The financial statement of the town consists of 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 is prepared on a cash receipts and disbursements basis, as prescribed by the 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.

SUPPLEMENTAL INFORMATION

TOWN OF GLOSTER, MISSISSIPPI
SCHEDULE OF INVESTMENTS - ALL FUNDS
SEPTEMBER 30, 2009

	<u>Deposit Amount</u>
Certificate of Deposit with Trustmark National Bank Maturing January 10, 2010, Rate 1.14%	<u>\$ 293,987</u>
Fund Recap:	
Unemployment Compensation Fund	\$ 4,111
Cemetery Fund	95,079
Water and Sewer Fund	66,758
Natural Gas Fund	<u>128,039</u>
	<u>\$ 293,987</u>

TOWN OF GLOSTER, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Balance Outstanding <u>October 1, 2008</u>	<u>Issued</u>	<u>Redeemed</u>	Balance Outstanding <u>September 30, 2009</u>
<u>NOTES:</u>				
Mississippi Drinking Water Systems Improvements Revolving Loan Fund	\$ 181,791	\$ -	\$ (11,346)	\$ 170,445
Mississippi Drinking Water Systems Improvements Revolving Loan Fund	167,550	-	(9,922)	157,628
Water Pollution Control Revolving Loan Fund	284,954	-	(16,146)	268,808
Total	\$ 634,295	\$ -	\$ (37,414)	\$ 596,881

See Accountants' Report

TOWN OF GLOSTER, MISSISSIPPI

**SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
SEPTEMBER 30, 2009**

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Bill Adams	Aldersperson	Brierfield	\$ 50,000
Albert R. Fields	Aldersperson	Brierfield	\$ 50,000
Christine R. Havard	Aldersperson	Brierfield	\$ 50,000
Eldon P. Hopf	Aldersperson	Brierfield	\$ 50,000
Jerry W. Norwood	Aldersperson	Brierfield	\$ 50,000
Billy Johnson	Mayor	Brierfield	\$ 50,000
Tommie J. Lee	Chief of Police	Travelers	\$ 50,000
Monzella M. Tickle	Town Clerk	Travelers	\$ 50,000
Patricia T. Brown	Deputy Clerk	Brierfield	\$ 25,000

Faust & Associates



McComb, Mississippi

Michael C Faust, C.P.A.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor and Board of Alderpersons
Town of Gloster, Mississippi

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Gloster, Mississippi, as of September 30, 2009, and 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). Town officials are responsible for the Town of Gloster's compliance with those requirements. 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 specified parties in this report. It is understood the report is solely for the use of the governing body of the Town of Gloster, 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 balance in the respective general ledger accounts and obtained confirmation of the related balances from the banks:

<u>Bank</u>	<u>Fund</u>	<u>Balance Per General Ledger</u>
<u>GOVERNMENTAL ACTIVITIES:</u>		
Trustmark National Bank	General	\$ 35,497
Trustmark National Bank	General	1,721
Trustmark National Bank	General	378
Trustmark National Bank	General	186
Trustmark National Bank	General	5
	Total General Fund	<u>\$ 37,787</u>
Trustmark National Bank	Cemetery	\$ 3,660
Trustmark National Bank	Cemetery - CD	<u>95,079</u>
	Total Cemetery Fund	<u>\$ 98,739</u>
Trustmark National Bank	Fire Protection	\$ 4,460
Trustmark National Bank	Unemployment Compensation-CD	<u>4,111</u>
	Total Other Nonmajor Funds	<u>\$ 8,571</u>
	TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 145,097</u>

MEMBERS

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<u>Bank</u>	<u>Fund</u>	<u>Balance Per</u> <u>General Ledger</u>
<u>BUSINESS-TYPE ACTIVITIES:</u>		
Trustmark National Bank	Water and Sewer	\$ 87,381
Trustmark National Bank	Water and Sewer	6,144
Trustmark National Bank	Water and Sewer - CD	66,758
	Total Water and Sewer Fund	<u>\$ 160,283</u>
Trustmark National Bank	Natural Gas Fund	\$ 31,665
Trustmark National Bank	Natural Gas Fund	2,631
Trustmark National Bank	Natural Gas Fund - CD	128,039
	Total Natural Gas Fund	<u>\$ 162,335</u>
TOTAL BUSINESS-TYPE ACTIVITIES		<u>\$ 322,618</u>

2. 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). The certificates of deposit from Trustmark National Bank was recorded as follows:

<u>Fund</u>	<u>Amount</u>
Unemployment	4,111
Water and Sewer	66,758
Cemetery	95,079
Natural Gas	128,039
	<u>\$ 293,987</u>

3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicle) 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 Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The Town had no general obligation debt during FY 2009 which required a tax levy.

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>Ledger Amount</u>
Water & Sewage	Proprietary Fund	\$ 157
General Municipal Aid	General Fund	559
Sales Tax Allocation	General Fund	91,365
Fire Protection Allocation	General Fund	5,670
Sewer Improvements-MDA Grant	Proprietary Fund	5,000
Gasoline Tax	General Fund	3,017
Homestead Exemption Reimbursement	General Fund	15,527
Nuclear Plant Payment	General Fund	42,496
Liquor Privilege Tax	General Fund	900
Department of Public Safety Grant	General Fund	48,331
Town Hall Renovation Grant - MDA	Capital Project Fund	<u>54,470</u>
		<u><u>\$ 267,492</u></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	19
Total Dollar Value of Sample	\$ 235,598

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. We found from our test of the completed questionnaire that under part 1 number 6 that the Town deputy clerk was not covered by the appropriate surety bond as of September 30, 2009. Town officials have represented that the appropriate surety bond amount will be obtained for the deputy clerk.

Because the above procedures do not constitute an audit in accordance with generally accepted auditing standards in the United States of America, we do not express an opinion on any of the specific accounts or classes of transactions referred 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 in the United States of America, 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 Gloster, Mississippi, for the year ended September 30, 2009.

Faust & Assoc. CPA's P.A.

Faust & Associates, CPA's, P.A.
January 5, 2010