



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

TOWN OF POTTS CAMP, MISSISSIPPI
FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2009

F. O. Givens & Co., CPAs

TOWN OF POTTS CAMP, MISSISSIPPI
FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2009

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| Independent Auditors' Report | 2-3 |
| Combined Statement of Cash Receipts and Disbursements | 4-5 |
| Notes to Financial Statements | 6-8 |
| Supplemental Information | |
| Schedule of Long Term Debt | 10 |
| Schedule of Surety Bonds for Town Official | 11-12 |
| Schedule of Expenditures of Federal Awards | 13 |
| Notes to Schedule of Expenditures of Federal Awards | 14 |
| Summary Schedule of Prior Audit Findings | 15 |
| Internal Control Reports | |
| Independent Auditors' Report on Compliance with State Laws and Regulations | 17 |
| Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in accordance with <i>Governmental Auditing Standards</i> | 18-19 |
| Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 | 20-21 |
| Schedule of Findings and Questioned Costs | 22 |

TOWN OF POTTS CAMP, MISSISSIPPI

FINANCIAL STATEMENTS

F.O. GIVENS & COMPANY

Certified Public Accountants

212 SOUTH WARD ST. • P. O. BOX 216 • SENATOBIA, MS 38668 • PHONE 662/562-6721
5699 GETWELL RD. • BLDG E, SUITE 5 • SOUTHAVEN, MS 38672 • PHONE 662/349-3798

FRANK O. GIVENS, III
Certified Public Accountant

W. BUFORD GIVENS
Certified Public Accountant

INDEPENDENT AUDITORS' REPORT

Mayor Ricky Lesure
Members of the Board of Aldermen
Town of Potts Camp, MS

We have audited the accompanying combined statement of cash receipts and disbursements (all funds) for the Town of Potts Camp, Mississippi, for the year ended September 30, 2009, as listed in the table of contents, which comprise a portion of the Town's basic financial statements required by accounting principles generally accepted in the United States of America, as applied to the Town's cash receipts and disbursements basis of accounting. The financial statement and schedules are the responsibility of the Town of Potts Camp's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with audit standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined statement of cash receipts and disbursements is free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the combined statement of cash receipts and disbursements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

Management has not presented government-wide financial statements to display the cash receipts and disbursements of its governmental activities, business type activities, and discretely presented component units. Accounting principles generally accepted in the United States of America, as applied to the Town's cash receipts and disbursements basis of accounting, require the presentation of government-wide financial statements. The

amounts that would be reported in the government-wide financial statement resulting from cash receipts and disbursements transactions for the Town's governmental activities, business type activities, and discretely presented component units are not reasonably determinable.

In our opinion, the accompanying statement presents fairly, in all material respects, the cash receipts and disbursements of the Town of Potts Camp for the year ended September 30, 2009, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report, dated June 28, 2010, on our consideration of the Town of Potts Camp, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole. The schedules and other supplemental information listed in the table of contents, as well as the Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly presented, in all material respects, in relation to the financial statement taken as a whole.

F. O. Givens & Co.

F. O. Givens & Co.

June 28, 2010

Town of Potts Camp, Mississippi
 Combined Statement of Cash Receipts and Disbursements
 (All Funds)
 September 30, 2009

| | GOVERNMENTAL | | | |
|--------------------------------|-------------------|--------------------------|------------------|---------------------|
| | ACTIVITIES | BUSINESS-TYPE ACTIVITIES | | |
| | General Fund | Water & Sewer Fund | Garbage Fund | Total |
| Revenue Receipts | | | | |
| Taxes | | | | |
| General Property Taxes | \$ 89,388 | | | \$ 89,388 |
| Licenses and Permits | | | | |
| Privilege Licenses | 1,316 | | | 1,316 |
| Franchise Fees | 1,610 | | | 1,610 |
| Building Permits | 37 | | | 37 |
| Intergovernmental Revenues: | | | | |
| General Municipal Aid | 257 | | | 257 |
| State Shared Revenues: | | | | |
| Sales Tax | 97,740 | | | 97,740 |
| Alcoholic Beverage Lice | 1,800 | | | 1,800 |
| Gasoline Tax | 1,389 | | | 1,389 |
| Homestead Exemption | 4,811 | | | 4,811 |
| TVA in Lieu | 6,402 | | | 6,402 |
| Fire Protection | 2,610 | | | 2,610 |
| County Shared Revenue: | | | | |
| Road Taxes | 33,188 | | | 33,188 |
| Motor Vehicle Privilege | 706 | | | 706 |
| Charges for Services | | | | |
| Water Utility | | 131,450 | | 131,450 |
| Garbage Collection | | | 31,640 | 31,640 |
| Fines and Bonds | 15,298 | | | 15,298 |
| Recreation | | | | |
| Fees and Sponsorships | 3,634 | | | 3,634 |
| Interest Income | | 725 | | 725 |
| Miscellaneous | 215 | | | 215 |
| Total Receipts | <u>\$ 260,401</u> | <u>\$ 132,175</u> | <u>\$ 31,640</u> | <u>\$ 424,216</u> |
| Other Receipts | | | | |
| Loan Proceeds | 6,674 | 4,860 | | 11,534 |
| Sale of Equipment | 1 | | | 1 |
| Deposits | | 5,392 | | 5,392 |
| Grant Received CDBG | | 189,360 | | 189,360 |
| Grant Received -RUS | | 384,921 | | 384,921 |
| RUS Loan | | 94,477 | | 94,477 |
| Total Other Receipts | <u>\$ 6,675</u> | <u>\$ 679,010</u> | <u>\$ -</u> | <u>\$ 685,685</u> |
| Total Receipts | <u>\$ 267,076</u> | <u>\$ 811,185</u> | <u>\$ 31,640</u> | <u>\$ 1,109,901</u> |
| Cash Balance-Beginning of Year | <u>\$ 21,300</u> | <u>\$ 56,039</u> | <u>\$ 2,009</u> | <u>\$ 79,348</u> |
| Total Amount to Account for | <u>\$ 288,376</u> | <u>\$ 867,224</u> | <u>\$ 33,649</u> | <u>\$ 1,189,249</u> |

Town of Potts Camp, Mississippi
 Combined Statement of Cash Receipts and Disbursements
 (All Funds)
 -Continued-

| | GOVERNMENTAL | | BUSINESS-TYPE ACTIVITIES | |
|--------------------------------------|-------------------|--------------------|--------------------------|---------------------|
| | General Fund | Water & Sewer Fund | Garbage Fund | Total |
| Operating Disbursements | | | | |
| General Government | | | | |
| Executive and Financial | \$ 79,301 | | | \$ 79,301 |
| Judicial | 13,141 | | | 13,141 |
| Public Safety | | | | |
| Police | 34,965 | | | 34,965 |
| Fire | 2,819 | | | 2,819 |
| Culture and Recreation | | | | |
| Parks | 11,838 | | | 11,838 |
| Library | | | | - |
| Public Works | | | | |
| Streets | 68,683 | | | 68,683 |
| Capital Expenditures | 7,380 | | | 7,380 |
| Enterprise | | | | |
| Garbage | | | 29,430 | 29,430 |
| Water and Sewer | | 114,164 | | 114,164 |
| Debt Service Interest | 3,909 | 33,892 | | 37,801 |
| Total Operating Disbursements | <u>\$ 222,036</u> | <u>\$ 148,056</u> | <u>\$ 29,430</u> | <u>\$ 399,522</u> |
| Other Disbursements | | | | |
| Capital Outlay | | 604,033 | | 604,033 |
| Principal paid on notes | 18,397 | 8,260 | | 26,657 |
| Total Other Disbursements | <u>18,397</u> | <u>612,293</u> | <u>-</u> | <u>630,690</u> |
| Total Disbursements | <u>\$ 240,433</u> | <u>\$ 760,349</u> | <u>\$ 29,430</u> | <u>\$ 1,030,212</u> |
| | | | | |
| Cash Balance-End of Year | <u>\$ 47,943</u> | <u>\$ 106,875</u> | <u>\$ 4,219</u> | <u>\$ 159,037</u> |
| | | | | |
| Total Amount Accounted for | <u>\$ 288,376</u> | <u>\$ 867,224</u> | <u>\$ 33,649</u> | <u>\$ 1,189,249</u> |

TOWN OF POTTS CAMP, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended September 30, 2009

Note 1. Summary of Significant Accounting Policies

General Information

The Town operates under the Mayor-Alderman form of government.

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 entity. Funds are classified into categories as follows:

Governmental Funds

General Fund

The General Fund is the main operating fund of the Town. The fund 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 that are 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 of revenues earned, expenses incurred or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Basis of Accounting

The financial statement is prepared on a cash receipts and disbursements basis, as prescribed by the Office of State Auditor. Consequently, certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the

TOWN OF POTTS CAMP, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended September 30, 2009
obligation is incurred.

Property Tax Revenues

In September of each year the Town's Board levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1, and personal property taxes become a lien on March 1. Taxes on both real and personal property are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of the original purchase. For the current year, the Town levied taxes in the amount of 34.00 mills.

Note 2. REPORT CLASSIFICATIONS

Receipts and disbursements were classified according to requirements for small municipalities in the State of Mississippi as prescribed by the Office of State Auditor.

Note 3. COMMITMENT AND CONTINGENCIES

The Town's indebtedness is scheduled on page ten of this report.

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 carries commercial insurance.

Grant monies received and disbursed by the Town are for specific purposes and are subject to audit and review by grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based on prior experience, the Town does not believe that such disallowances, if any, would have a material effect on the financial position of the Town.

Note 4. CASH AND CASH EQUIVALENTS

The Town deposits excess funds in financial institutions selected by the board in accordance with state statutes. Cash consists of amounts on deposit in demand accounts and is valued at cost.

The collateral for public entities' deposits in financial institutions is 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 City'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 these deposits. In the

**TOWN OF POTTS CAMP, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS**

For the Fiscal Year Ended September 30, 2009

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.

Note 5. DEFINED BENEFIT PENSION PLAN

Plan description: The Town of Potts Camp 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 St., Jackson, MS 39201-1005.

Funding Policy: PERS members are required to contribute 7.25% of their annual covered salary and the Town of Potts Camp is required to contribute at an actuarially determined rate. The current rate is 11.85% of the annually covered payroll. The contribution requirements of PERS members are established and may be amended by the State of Mississippi Legislature. The Town of Potts Camp's contributions to PERS for the year ending September 30, 2009 was \$ 13,043 , equal to the required contributions for the year.

TOWN OF POTTS CAMP, MISSISSIPPI

SUPPLEMENTAL INFORMATION

TOWN OF POTTS CAMP, MISSISSIPPI
 SCHEDULE OF LONG TERM DEBT
 For the Year Ended September 30, 2009

DEFINITION AND PURPOSE

| | September 30, 2008 | Issued | Redeemed | September 30, 2009 |
|-------------------------------------|-----------------------|----------------|---------------|-----------------------|
| Revenue Bonds: | | | | |
| Capmark | \$ 51,816 | | 2,157 | \$ 49,659 |
| Capmark | 20,740 | | 2,920 | 17,820 |
| USDA-Rural Development | 18,694 | | 1,593 | 17,101 |
| USDA-Rural Development | 82,358 | | 1,315 | 81,043 |
| USDA-Rural Development | | 94,477 | | 94,477 |
| USDA-Rural Development | 595,400 | | 277 | 595,123 |
| General Obligation Bonds | | | | |
| Bank of Holly Springs, Street Bonds | 90,000 | | 8,000 | 82,000 |
| Other Notes | | | | |
| Bank of Potts Camp | 49,250 | 30 | | 49,280 |
| Bank of Potts Camp | 8,126 | | 8126 | - |
| Bank of Potts Camp | 6,979 | 30 | 2618 | 4,391 |
| Bank of Potts Camp | | 6030 | 942 | 5,088 |
| | <u>923,363</u> | <u>100,567</u> | <u>27,948</u> | <u>995,982</u> |

TOWN OF POTTS CAMP, MISSISSIPPI
 SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
 June 30, 2009

| <u>NAME</u> | <u>POSITION</u> | <u>SURETY</u> | <u>BOND AMOUNT</u> |
|--------------------|-----------------|---------------------------|--------------------|
| Jimmie Collins | Mayor | MS Municipal Bond Program | \$25,000 |
| | | Travelers | \$54,000 |
| Daphne Foster | City Clerk | Travelers | \$50,000 |
| | | Travelers | \$54,000 |
| | And | | |
| | Court Clerk | Travelers | \$50,000 |
| Marie Tate | Deputy Clerk | Travelers | \$50,000 |
| Judy Gordon | Deputy Clerk | Travelers | \$50,000 |
| Brian Pipkin | Police | Travelers | \$25,000 |
| Bill Rowland | Police | Travelers | \$25,000 |
| Justin Gray | Police | Travelers | \$25,000 |
| Ernest Cunningham | Judge | Travelers | \$50,000 |
| Carol Davis | Alderman | MS Municipal Bond Program | \$ 8,000 |
| Joan Cox | Alderman | MS Municipal Bond Program | \$ 8,000 |
| James Westmoreland | Alderman | MS Municipal Bond Program | \$ 8,000 |
| Casey Mayer | Alderman | MS Municipal Bond Program | \$ 8,000 |
| Will Bowen | Alderman | MS Municipal Bond Program | \$ 8,000 |

TOWN OF POTTS CAMP, MISSISSIPPI
 SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
 JULY 1, 2009 – SEPTEMBER 30, 2009

| <u>NAME</u> | <u>POSITION</u> | <u>SURETY</u> | <u>AMOUNT</u> |
|-------------------|-----------------|---------------------------|---------------|
| Ricky Joe Lesure | Mayor | MS Municipal Bond Program | \$25,000 |
| Daphne Foster | City Clerk | Travelers | \$54,000 |
| | And | Travelers | \$50,000 |
| | Court Clerk | Travelers | \$50,000 |
| Marie Tate | Deputy Clerk | Travelers | \$50,000 |
| Judy Gordon | Deputy Clerk | Travelers | \$50,000 |
| Ernest Cunningham | Judge | Travelers | \$50,000 |
| Brian Pipkin | Police Officer | Travelers | \$25,000 |
| Bill Rowland | Police Officer | Travelers | \$25,000 |
| Michael Hogan | Police Officer | Travelers | \$25,000 |
| Wanda Love | Alderman | MS Municipal Bond Program | \$25,000 |
| Robert Swinford | Alderman | MS Municipal Bond Program | \$25,000 |
| Herbert Luther | Alderman | MS Municipal Bond Program | \$25,000 |
| Mary Houston | Alderman | MS Municipal Bond Program | \$25,000 |
| Doelean Porter | Alderman | MS Municipal Bond Program | \$25,000 |

TOWN OF POTTS CAMP, MISSISSIPPI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended September 30, 2009

| Federal Grantor/Pass-through Grantor or Cluster Title | Federal CFDA Number | Pass-through Entity Ident Federal Number | Expenditures |
|--|---------------------------|--|--------------|
| United States Department of Agriculture Rural Development | | | |
| Water and Waste Disposal Loans and Grants | 10.770 | None | \$ 688,190 |
| Total Federal Expenditures | | | \$ 688,190 |

TOWN OF POTTS CAMP, MISSISSIPPI
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2010

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Potts Camp and is presented on the cash receipts and disbursements basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

TOWN OF POTTS CAMP, MISSISSIPPI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

TOWN OF POTTS CAMP, MISSISSIPPI

INTERNAL CONTROL AND COMPLIANCE

F.O. GIVENS & COMPANY

Certified Public Accountants

212 SOUTH WARD ST. • P. O. BOX 216 • SENATOBIA, MS 38668 • PHONE 662/562-6721
5699 GETWELL RD. • BLDG E, SUITE 5 • SOUTHAVEN, MS 38672 • PHONE 662/349-3798

FRANK O. GIVENS, III
Certified Public Accountant

W. BUFORD GIVENS
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Mayor and Board of Aldermen
Town of Potts Camp, Mississippi

We have audited the combined statement of cash receipts and disbursements (all funds) of the Town of Potts Camp, Mississippi, for the year ended September 30, 2009, and have issued our report dated June 28, 2010. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of those procedures and our audit of the combined statement of cash receipts and disbursements disclosed no material instance of noncompliance with State laws and regulations.

This report is intended solely for the information of the Town's management and the Office of the State Auditor and is not to be and should not be used by anyone other than those specified parties.

F. O. Givens & Co.

June 28, 2010

F.O. GIVENS & COMPANY

Certified Public Accountants

212 SOUTH WARD ST. • P. O. BOX 216 • SENATOBIA, MS 38668 • PHONE 662/562-6721
5699 GETWELL RD. • BLDG E, SUITE 5 • SOUTHAVEN, MS 38672 • PHONE 662/349-3798

FRANK O. GIVENS, III
Certified Public Accountant

W. BUFORD GIVENS
Certified Public Accountant

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Board of Aldermen
Town of Potts Camp, Mississippi

We have audited the combined statement of cash receipts and disbursements (all funds) of the Town of Potts Camp, Mississippi, for the year ended September 30, 2009, and have issued our report thereon dated June 28, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Potts Camp's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion of the effectiveness on the Entity's internal control over financial reporting. Accordingly, we do not express an opinion on the Entity's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material

weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Potts Camp's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management, Office of the State Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

F. O. Givens & Co.

June 28, 2010

F.O. GIVENS & COMPANY

Certified Public Accountants

212 SOUTH WARD ST. • P. O. BOX 216 • SENATOBIA, MS 38668 • PHONE 662/562-6721
5699 GETWELL RD. • BLDG E, SUITE 5 • SOUTHAVEN, MS 38672 • PHONE 662/349-3798

FRANK O. GIVENS, III
Certified Public Accountant

W. BUFORD GIVENS
Certified Public Accountant

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and Board of Aldermen
Town of Potts Camp, Mississippi

Compliance

We have audited the compliance of the town of Potts Camp, Mississippi, with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. The Town of Potts Camp's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Potts Camp's management. Our responsibility is to express an opinion on the Town of Potts Camp's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Potts Camp's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town of Potts Camp's compliance with those requirements.

In our opinion, the Town of Potts Camp complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

Internal Control over Compliance

The management of the Town of Potts Camp is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Potts Camp's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management, Office of the State Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

F. O. Givens & Co.

June 28, 2010

TOWN OF POTTS CAMP, MISSISSIPPI

Schedule of Findings and Questioned Costs
Year Ended September 30, 2009

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statement of Potts Camp, Mississippi.
2. No significant deficiencies related to the audit of the financial statement of Potts Camp, Mississippi, are reported in the audit.
3. No instances of noncompliance material to the financial statement of Potts Camp, Mississippi were disclosed during the audit
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the financial report.
5. The auditors' report on compliance for the major federal program for Potts Camp, Mississippi expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 501(a) of OMB Circular A-133 are reported in this schedule.
7. The program tested as a major program is Water and Waste Disposal Loans and Grants, CFDA Number 10.770.
8. The threshold used for distinguishing between Type A and B programs was \$ 300,000.
9. The Town of Potts Camp, Mississippi was not determined to be a low risk auditee.

FINDINGS-FINANCIAL STATEMENT AUDIT

None

FINDING AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAM AUDIT

None

F. O. GIVENS & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

212 SOUTH WARD ST. SENATOBIA, MS 38668 PHONE 662/562-6721
5699 GETWELL RD. SUITE E-5 SOUTHAVEN, MS 38672 PHONE 662/349-3798

FRANK O. GIVENS, III
Certified Public Accountant

W. BUFORD GIVENS
Certified Public Accountant

Mayor and Board of Alderman
Town of Potts Camp
Potts Camp, MS

In planning and performing our audit of the financial statements of The Town of Potts Camp, as of and for the year ended September 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered The Town of Potts Camp's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented, or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified the following deficiencies in internal control that we consider to be significant deficiencies.

It was noted that the budget was not adopted during a properly called public hearing, nor was it included in the minutes.

It was noted that the newly elected mayor was not included in the insurance bond as required by the USDA grant agreements.

It was noted that there is not a proper reference to the claims docket in the minutes. The minutes should reflect the total amount of claims and the claims numbers. It was noted that the claims were not numbered on the docket.

F. O. GIVENS & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

212 SOUTH WARD ST. SENATOBIA, MS 38668 PHONE 662/562-6721
5699 GETWELL RD. SUITE E-5 SOUTHAVEN, MS 38672 PHONE 662/349-3798

FRANK O. GIVENS, III
Certified Public Accountant

W. BUFORD GIVENS
Certified Public Accountant

It was noted that there is inadequate separation of duties in the collection and recording of fines, revenue.

This communication is intended solely for the information and use of management, Board of Aldermen, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

F.O. Givens and Co.

Senatobia, MS

June 28, 2010