



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 TAYLORSVILLE, MISSISSIPPI

Audited Financial Statements

For Year Ended September 30, 2011

**CHARLES ROBERT PRINCE
CERTIFIED PUBLIC ACCOUNTANT**

TOWN OF TAYLORSVILLE, MISSISSIPPI

Table of Contents

	PAGE
INDEPENDENT AUDITOR’S REPORT.....	1-2
BASIC FINANCIAL STATEMENTS.....	3
Government-wide Financial Statements:	
Statement of Net Assets	4
Statement of Activities	5
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	6
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	7
Statement of Revenues, Expenditures and Changes in Fund Balances	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	9
Proprietary Funds:	
Statement of Net Assets.....	10
Statement of Revenues, Expenses and Changes in Fund Net Assets.....	11
Statement of Cash Flows	12
Fiduciary Funds:	
Statement of Fiduciary Assets and Liabilities.....	13
Notes to Financial Statements.....	14-24
REQUIRED SUPPLEMENTARY INFORMATION	25
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis):	
General Fund	26
Notes to the Required Supplementary Information	27-28
SUPPLEMENTAL INFORMATION	29
Schedule of Surety Bonds for Town Officials	30
SPECIAL REPORTS	31
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	32-33
Independent Auditor’s Report on Compliance and with State Laws and Regulations	34
SCHEDULE OF FINDINGS.....	35
Schedule of Findings.....	36

**Charles Robert Prince
Certified Public Accountant
1109 Laurel Drive SE, P. O. Box 353
Magee, Mississippi 39111**

*Member
American Institute of
Certified Public Accountants*

**PHONE 601-849-2544
FAX 601-849-5147
princecp@bellsouth.net**

*Member
Mississippi Society of
Certified Public Accountants*

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor Rosalyn Glenn and
Honorable Members of the Board of Aldermen
Town of Taylorsville, Mississippi

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Taylorsville, Mississippi, ("Town") as of and for the year ended September 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the Town adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 8, 2012, on my consideration of the Town's internal control over financial reporting and my 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 my 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 important in assessing the results of my audit.

The Town of Taylorsville, Mississippi, has not presented Management's Discussion and Analysis that is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

The Budgetary Comparison Schedule and corresponding notes are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the Budgetary Comparison Schedule and corresponding notes in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The accompanying financial information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



November 8, 2012
Magee, Mississippi

TOWN OF TAYLORSVILLE, MISSISSIPPI

BASIC FINANCIAL STATEMENTS

TOWN OF TAYLORSVILLE, MISSISSIPPI
Statement of Net Assets
September 30, 2011

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 573,947	\$ 136,986	\$ 710,933
Property tax receivable	238,859		238,859
Accounts receivable (Net of allowance for uncollectibles - Note 6)		82,640	82,640
Intergovernmental receivables	26,775	54,411	81,186
Prepaid items	25,832		25,832
Restricted assets:			
Cash and cash equivalents		61,917	61,917
Capital assets:			
Land and construction in progress	559,807	895,719	1,455,526
Other capital assets (Net of depreciation - Note 7)	2,698,254	1,702,989	4,401,243
Total Assets	\$ 4,123,474	\$ 2,934,662	\$ 7,058,136
LIABILITIES			
Accounts payable	\$ 31,525	\$ 83,042	\$ 114,567
Accrued interest payables	1,915		1,915
Deferred revenue	238,859		238,859
Payable from restricted assets:			
Customer deposits		33,716	33,716
Long-term liabilities:			
Due within one year:			
Capital debt	84,159	73,267	157,426
Due in more than one year:			
Capital debt	182,652	430,389	613,041
Total Liabilities	\$ 539,110	\$ 620,414	\$ 1,159,524
NET ASSETS			
Invested in capital assets, net of related debt	\$ 2,991,250	\$ 2,095,052	\$ 5,086,302
Restricted:			
Expendable:			
Debt service	1,470		1,470
Public safety	7,195		7,195
Public works		28,201	28,201
Unrestricted	584,449	190,995	775,444
Total Net Assets	\$ 3,584,364	\$ 2,314,248	\$ 5,898,612

The accompanying notes are an integral part of the financial statements.

TOWN OF TAYLORSVILLE, MISSISSIPPI
 Statement of Activities
 For the Year Ended September 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 321,697	\$ 30,938	\$	\$	\$ (290,759)	\$	\$ (290,759)
Public safety	482,862		23,881	40,352	(418,629)		(418,629)
Highways and streets	276,951		4,348		(272,603)		(272,603)
Sanitation	72,518				(72,518)		(72,518)
Cultural and recreational	50,946			17,571	(33,375)		(33,375)
Economic Development	6,267				(6,267)		(6,267)
Interest on long-term debt	12,230				(12,230)		(12,230)
Total Governmental Activities	\$ 1,223,471	\$ 30,938	\$ 28,229	\$ 57,923	\$ (1,106,381)	\$	\$ (1,106,381)
Business-type activities:							
Water and sewer	\$ 310,448	\$ 677,095	\$	\$ 429,491		\$ 796,138	\$ 796,138
Total Primary Government	\$ 1,533,919	\$ 708,033	\$ 28,229	\$ 487,414	\$ (1,106,381)	\$ 796,138	\$ (310,243)
General revenues:							
Property tax					\$ 317,037	\$	\$ 317,037
Sales tax					296,966		296,966
Franchise tax					67,313		67,313
Licenses and permits					4,884		4,884
Grants and contributions not restricted to specific programs					37,917		37,917
Unrestricted interest income					3,564	553	4,117
Miscellaneous revenue					117,160	12,541	129,701
Transfers					467,185	(467,185)	0
Total General Revenues and Transfers					\$ 1,312,026	\$ (454,091)	\$ 857,935
Changes in Net Assets					\$ 205,645	\$ 342,047	\$ 547,692
Net Assets - Beginning					\$ 3,378,719	\$ 1,972,201	\$ 5,350,920
Net Assets - Ending					\$ 3,584,364	\$ 2,314,248	\$ 5,898,612

The accompanying notes are an integral part of the financial statements.

TOWN OF TAYLORSVILLE, MISSISSIPPI
 Balance Sheet - Governmental Funds
 September 30, 2011

	<u>Major Funds</u>		Total Governmental Funds
	General Fund	A & B Components Fund	
Intergovernmental receivables			
ASSETS			
Cash and cash equivalents	\$ 572,477	\$ 1,470	\$ 573,947
Property taxes receivable	238,859		238,859
Intergovernmental receivables	26,775		26,775
Prepaid items	25,832		25,832
Total Assets	<u><u>\$ 863,943</u></u>	<u><u>\$ 1,470</u></u>	<u><u>\$ 865,413</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 31,525	\$	\$ 31,525
Deferred revenue	238,859		238,859
Total Liabilities	<u><u>\$ 270,384</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 270,384</u></u>
Fund balances:			
Restricted for:			
Debt Service	\$	\$ 1,470	\$ 1,470
Public safety	7,195		7,195
Assigned to:			
Culture and recreation	6,622		6,622
Unassigned	579,742		579,742
Total Fund Balances	<u><u>\$ 593,559</u></u>	<u><u>\$ 1,470</u></u>	<u><u>\$ 595,029</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 863,943</u></u>	<u><u>\$ 1,470</u></u>	<u><u>\$ 865,413</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF TAYLORSVILLE, MISSISSIPPI
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
September 30, 2011

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 595,029
Amounts reported for governmental services in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$1,166,980.	3,258,061
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	(266,811)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	<u>(1,915)</u>
Total Net Assets - Governmental Activities	<u>\$ 3,584,364</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF TAYLORSVILLE, MISSISSIPPI
 Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
 For the Year Ended September 30, 2011

	Major Funds		Total Governmental Funds
	General Fund	A & B Components Fund	
REVENUES			
Property tax	\$ 317,037	\$	\$ 317,037
Sales tax	296,966		296,966
Franchise tax	67,313		67,313
Licenses and permits	4,884		4,884
Fines and forfeitures	30,938		30,938
Intergovernmental revenues	124,069		124,069
Interest income	3,561	3	3,564
Miscellaneous revenue	87,256	29,904	117,160
Total Revenues	<u>\$ 932,024</u>	<u>\$ 29,907</u>	<u>\$ 961,931</u>
EXPENDITURES			
Current:			
General government	\$ 306,890	\$	\$ 306,890
Public safety	492,462		492,462
Highway and streets	257,387		257,387
Sanitation	72,518		72,518
Culture and recreation	118,981		118,981
Debt service:			
Principal	55,229	25,767	80,996
Interest	6,178	4,137	10,315
Total Expenditures	<u>\$ 1,309,645</u>	<u>\$ 29,904</u>	<u>\$ 1,339,549</u>
Excess of Revenues over (under) Expenditures	<u>\$ (377,621)</u>	<u>\$ 3</u>	<u>\$ (377,618)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 495,690	\$	\$ 495,690
Transfers out	(28,505)		(28,505)
Total Other Financing Sources and Uses	<u>\$ 467,185</u>	<u>\$ 0</u>	<u>\$ 467,185</u>
Net Changes in Fund Balances	\$ 89,564	\$ 3	\$ 89,567
Fund Balances - Beginning	<u>\$ 503,995</u>	<u>\$ 1,467</u>	<u>\$ 505,462</u>
Fund Balances - Ending	<u><u>\$ 593,559</u></u>	<u><u>\$ 1,470</u></u>	<u><u>\$ 595,029</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF TAYLORSVILLE, MISSISSIPPI
 Reconciliation of the Statement of Revenues, Expenditures and Changes in
 Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended September 30, 2011

		<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$	89,567
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental Funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that capital outlay of \$128,278 exceeded depreciation of \$91,281 in the current period.</p>		36,997
<p>Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount of debt repayment.</p>		80,996
<p>Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by the increase in accrued interest payable.</p>		<u>(1,915)</u>
Change in Net Assets of Governmental Activities	\$	<u>205,645</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF TAYLORSVILLE, MISSISSIPPI
 Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Fund
 September 30, 2011

	Business-type Activities - Enterprise Fund Water and Sewer Fund
Operating Revenues:	
Charges for services	\$ 677,095
Miscellaneous revenue	12,541
Total Operating Revenues	<u>\$ 689,636</u>
Operating Expenses:	
Utilities	\$ 71,485
Contractual services, materials and supplies	94,140
Other services and charges	13,892
Depreciation	118,545
Total Operating Expenses	<u>\$ 298,062</u>
Net Income/(Loss) From Operations	<u>\$ 391,574</u>
Nonoperating Revenues/(Expenses):	
Interest income	\$ 553
Capital grants	429,491
Loss on sale of capital assets	(219)
Interest expense	(12,167)
Net Nonoperating Revenues/(Expenses)	<u>\$ 417,658</u>
Net Income/(Loss) Before Transfers	\$ 809,232
Transfers in	\$ 28,505
Transfers out	(495,690)
Changes in Net Assets	<u>\$ 342,047</u>
Net Assets - Beginning	<u>\$ 1,972,201</u>
Net Assets - Ending	<u><u>\$ 2,314,248</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF TAYLORSVILLE, MISSISSIPPI
Statement of Fiduciary Assets and Liabilities
September 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 10,143
Total Assets	\$ <u><u>10,143</u></u>
LIABILITIES	
Amounts held in custody for others	\$ 10,143
Total Liabilities	\$ <u><u>10,143</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF TAYLORSVILLE, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2011

(1) Summary of Significant Accounting Policies

A. Introduction.

The Town of Taylorsville, Mississippi (“Town”) was incorporated in 1900. The Town operates under a Mayor-Aldermen form of government and provides the following services as authorized by its charter: Public Safety (Police and Volunteer Fire Protection), Highway and Streets, Sanitation, Culture-Recreation, Public Improvements, Planning and Zoning, and General Administrative Services.

The accounting and reporting framework and the more significant accounting principles and practices of the Town are discussed in subsequent sections of this Note. The remainder of the Notes is organized to provide explanation, including required disclosures, of the Town’s financial activities for the fiscal year ended September 30, 2011.

B. Financial Statements.

Government-wide Statements:

Government-wide financial statements include the statement of net assets and the statement of activities. These statements report information for the Town as a whole, excluding fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and the Town’s general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Town’s services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements:

Fund financial statements of the Town are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation.

The financial statements of the Town are prepared in accordance with generally accepted accounting principles (GAAP). The Town’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements, applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Town’s reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

TOWN OF TAYLORSVILLE, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2011

(1) Summary of Significant Accounting Policies - Continued

The government-wide and proprietary funds financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the Town. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied.

The revenues and expenses of proprietary funds are classified as operating and nonoperating. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's primary operations. All other revenues and expenses are reported as nonoperating.

Governmental financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available. Available means collected within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to claims and judgments are recognized only when payment is due.

Major revenue sources susceptible to accrual include: sales taxes, property taxes, franchise fee, intergovernmental revenue, charges for garbage and utility services, fines and forfeitures, and investment earnings. In general, other revenues are recognized when cash is received.

The Town reports the following major Governmental Funds:

General Fund - This fund is the primary operating fund of the Town. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

A and B Components Fund - This fund is used to account for rental income and debt payments related to the A and B Components Building.

The Town reports the following major Proprietary Funds:

Water and Sewer Fund - This fund is used to account for the provisions of water and sewer services to customers within the service area.

Additionally, the Town reports the following fund type:

FIDUCIARY FUND TYPE

Agency Funds – Agency Funds are used to report resources held by the Town in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2005 by the Government Finance Officers Association.

TOWN OF TAYLORSVILLE, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2011

(1) Summary of Significant Accounting Policies - Continued

E. Cash and Investments.

The Town's cash and cash equivalents are considered to be cash on hand or invested in certificates of deposit, which are short-term highly liquid investments that are readily convertible to cash. All cash deposits are reported at carrying amount (cost) which reasonably estimates fair market value.

State law authorizes the Town to invest in interest bearing time certificates of deposit with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state.

F. Receivables.

Receivables are reported net of allowances for uncollectible accounts, where applicable.

G. Capital Assets.

Capital acquisition and construction are reflected as expenditures in governmental fund statements and the related assets are reported as capital assets in the applicable governmental or business-type activities column in the government-wide financial statements. The Town's property, plant, equipment and infrastructure purchased or acquired are recorded at historical cost or estimated historical cost. Donated assets are recorded at fair value on the date donated. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Therefore, infrastructure acquired prior to October 1, 2002, has not been recorded, unless the value was already included in the Town's inventory of capital assets.

Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Interest expenditures are not capitalized on capital assets. Estimated useful lives, in years, for depreciable assets are as follows:

	Estimated Useful Life
Land	N/A
Infrastructure	20-50 years
Buildings	40 years
Mobile equipment	5-10 years
Furniture and equipment	3-7 years
Leased property under capital leases	*

* Leased property capitalization policy will correspond with the time for the asset classification, as listed above.

TOWN OF TAYLORSVILLE, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2011

(1) Summary of Significant Accounting Policies – Continued

H. Long-term Liabilities.

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements and in the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. The governmental fund financial statements recognize the proceeds of debt as other financing resources of the current period.

I. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net assets - Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net assets - All other net assets not meeting the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the Town.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Assigned fund balance includes amounts that are constrained by the Town’s intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the Board of Aldermen pursuant to authorization established by Section 21-17-5, Miss. Code Ann. (1972).

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

TOWN OF TAYLORSVILLE, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2011

(1) Summary of Significant Accounting Policies – Continued

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the Town's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the Town's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

J. Property Tax Revenues.

State statutes exist under which the Board of Aldermen may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the Town. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Aldermen, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, 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 original purchase.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

Smith County bills and collects the Town's property taxes, including automobile as valorem. Tax revenue is remitted to the Town monthly.

K. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

(2) Change in Accounting Standards.

For the fiscal year ended September 30, 2011, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The fund balance amounts for governmental funds have been reclassified in accordance with GASB Statement No. 54. As a result, amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned, or unassigned.

TOWN OF TAYLORSVILLE, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2011

(3) Deposits and Investments

The carrying amount of the Town's total deposits, which include cash accounts and certificates of deposits, with financial institutions at September 30, 2011, was \$782,793, and the bank balance was \$852,998. The collateral for public entities' deposits in financial institutions is 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 entity'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 those deposits. In the 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.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the Town. As of September 30, 2011, none of the Town's bank balance of \$852,998 was exposed to custodial credit risk.

Credit Risk – State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The Town does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Concentration of Credit Risk – Disclosure of investments by amount and issuer for any issuer that represents five percent or more of the total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of September 30, 2011, the Town had no investments other than certificates of deposits.

(4) Interfund Transactions and Balances

The following is a summary of interfund balances at September 30, 2011:

A. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General	Water and Sewer	\$ 495,690
Water and Sewer	General	<u>28,505</u>
Total		<u>\$ 524,195</u>

The principal purposes of interfund transfers were to reimburse debt payments, and water and sewer employee salaries and fringe benefits.

TOWN OF TAYLORSVILLE, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2011

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2011, consisted of the following:

Description	Amount
Governmental Activities:	
Sales tax	\$ 22,526
Smith County tax collector	4,249
	\$ 26,775
Business-type Activities:	
CDBG water and sewer project grant	\$ 54,411
	\$ 54,411

(6) Accounts Receivable and Uncollectible Accounts

Business-type Activities:

Significant receivables include amounts due from customers primarily for utility services. Certain enterprise funds report accounts receivable net of an allowance for uncollectible accounts and revenues net of uncollectibles. The allowance amount is estimated using accounts receivable past due more than 60 to 90 days. Related amounts are shown in the following table:

	Water and Sewer Fund
Accounts receivable	\$ 95,633
Less allowance for uncollectible accounts	(12,993)
Net accounts receivable	\$ 82,640
Uncollectible amounts netted with revenues	\$ 12,993

(7) Capital Assets

The following is a summary of capital assets activity:

	Balance Oct. 1, 2010	Additions	Deletions	Adjustments	Balance Sept. 30, 2011
<u>Governmental activities:</u>					
Non-depreciable capital assets:					
Land	\$ 387,883	\$	\$	\$	\$ 387,883
Construction in progress	86,176	85,748			171,924
Total non-depreciable capital assets	\$ 474,059	\$ 85,748	\$ 0	\$ 0	\$ 559,807

TOWN OF TAYLORSVILLE, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2011

(7) Capital Assets - Continued

	Balance				Balance
	Oct. 1, 2010	Additions	Deletions	Adjustments	Sept. 30, 2011
Depreciable capital assets:					
Buildings and improvements	\$ 2,009,213	\$	\$	\$	\$ 2,009,213
Machinery and equipment	603,939				603,939
Other furniture and equipment	52,154	42,530			94,684
Infrastructure	1,157,398				1,157,398
Total depreciable capital assets	<u>\$ 3,822,704</u>	<u>\$ 42,530</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,865,234</u>
Less accumulated depreciation for:					
Buildings and improvements	\$ 461,418	\$ 39,267	\$	\$	\$ 500,685
Machinery and equipment	384,840	25,804			410,644
Other furniture and equipment	47,333	3,661			50,994
Infrastructure	182,108	22,549			204,657
Total accumulated depreciation	<u>\$ 1,075,699</u>	<u>\$ 91,281</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,166,980</u>
Total depreciable capital assets, net	<u>\$ 2,747,005</u>	<u>\$ (48,751)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,698,254</u>
Governmental activities capital assets, net	<u>\$ 3,221,064</u>	<u>\$ 36,997</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,258,061</u>
<u>Business-type activities:</u>					
Non-depreciable capital assets:					
Land	\$ 11,125	\$	\$	\$	\$ 11,125
Construction in progress	541,671	342,923			884,594
Total non-depreciable capital assets	<u>\$ 552,796</u>	<u>\$ 342,923</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 895,719</u>
Depreciable capital assets:					
Water and sewer lines facilities	\$ 2,834,655	\$ 93,657	\$	\$	\$ 2,928,312
Machinery and equipment	635,100		13,300		621,800
Total depreciable capital assets	<u>\$ 3,469,755</u>	<u>\$ 93,657</u>	<u>\$ 13,300</u>	<u>\$ 0</u>	<u>\$ 3,550,112</u>
Less accumulated depreciation for:					
Water and sewer lines facilities	\$ 1,382,708	\$ 78,733	\$	\$	\$ 1,461,441
Machinery and equipment	357,840	39,812	11,970		385,682
Total accumulated depreciation	<u>\$ 1,740,548</u>	<u>\$ 118,545</u>	<u>\$ 11,970</u>	<u>\$ 0</u>	<u>\$ 1,847,123</u>
Total depreciable capital assets, net	<u>\$ 1,729,207</u>	<u>\$ (24,888)</u>	<u>\$ 1,330</u>	<u>\$ 0</u>	<u>\$ 1,702,989</u>
Business-type activities capital assets, net	<u>\$ 2,282,003</u>	<u>\$ 318,035</u>	<u>\$ 1,330</u>	<u>\$ 0</u>	<u>\$ 2,598,708</u>

TOWN OF TAYLORSVILLE, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2011

(7) Capital Assets - Continued

Depreciation expense was charged to the following functions:

	Amount
<u>Governmental activities:</u>	
General government	\$ 14,807
Public safety	32,930
Highway and streets	19,564
Culture and recreation	17,713
Economic development	6,267
 Total governmental activities depreciation expense	 \$ 91,281
 <u>Business-type activities:</u>	
Water and sewer	\$ 118,545

Commitments with respect to unfinished capital projects at September 30, 2011, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Watkins Museum Restoration	\$ 74,024	June 2012
Solar Water Line Expansion	720	July 2012
Central Street Water and Sewer Project	147,730	January 2012
	\$ 222,474	

(8) Restricted Fund Equity

The government-wide statement of net assets reports \$1,470 of restricted net assets for debt service, \$7,195 of restricted net assets for public safety activity, and \$28,201 of restricted net assets for public works. These net assets are restricted by external parties and enabling legislation for these specific purposes.

(9) Claims and Judgments

Risk Management.

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

TOWN OF TAYLORSVILLE, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2011

(10) Long-term Debt

Debt outstanding as of September 30, 2011, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
Loans:			
CAP Loan - Industrial site expansion	\$ 92,198	4.00%	01/01/2016
Magnolia State Bank - Town hall	160,778	2.33%	03/20/2014
CAP Loan - Fire truck	13,835	2.00%	12/01/2012
Total Loans	<u>\$ 266,811</u>		
Business-type Activities:			
Loans:			
CAP Loan - Sewer improvements	\$ 124,215	3.00%	01/01/2016
CAP Loan - Sewer improvements	172,361	3.00%	06/01/2021
CAP Loan - Water improvements	30,583	3.00%	08/01/2022
Magnolia State Bank - 2007 garbage truck	33,952	3.27%	09/20/2013
MS Department of Environmental Quality Revolving Loan - Sewer improvements	142,545	2.00%	10/27/2025
Total Loans	<u>\$ 503,656</u>		

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Assets are as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Loans</u>		<u>Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 84,159	7,431	\$ 73,267	13,204
2013	79,968	4,795	76,760	11,022
2014	93,332	2,480	60,561	9,029
2015	9,352	153	62,309	7,281
2016			31,123	5,743
2017 - 2021			152,483	15,557
2022 - 2026			47,153	1,961
Total	<u>\$ 266,811</u>	<u>14,859</u>	<u>\$ 503,656</u>	<u>63,797</u>

Legal Debt Margin – The amount of debt, excluding specific exempted debt, that can be incurred by the town is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the town, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a town issues bonds to repair or replace washed out or collapsed bridges on the public roads of the town. As of September 30, 2011, the amount of outstanding debt was equal to 2.53% of the latest property assessment.

TOWN OF TAYLORSVILLE, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2011

(10) Long-term Debt - Continued

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2011:

	Balance Oct. 1, 2010	Additions	Reductions	Balance Sept. 30, 2011	Amount due within one year
Governmental Activities:					
Loans	\$ 347,807	\$ _____	\$ 80,996	\$ 266,811	\$ 84,159
Total	<u>\$ 347,807</u>	<u>\$ 0</u>	<u>\$ 80,996</u>	<u>\$ 266,811</u>	<u>\$ 84,159</u>
Business-type Activities:					
Loans	\$ 579,526	\$ _____	\$ 75,870	\$ 503,656	\$ 73,267
Total	<u>\$ 579,526</u>	<u>\$ 0</u>	<u>\$ 75,870</u>	<u>\$ 503,656</u>	<u>\$ 73,267</u>

(11) Contingencies

Federal Grants - The Town has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the Town. Accordingly, no provision for any liability that may result has been recognized in the Town's financial statements.

Litigation - The Town of Taylorsville, Mississippi, is not a defendant in any lawsuits at this time.

(12) Defined Benefit Pension Plan

Plan Description. The Town of Taylorsville, Mississippi, 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 1-800-444-PERS.

Funding Policy. At September 30, 2011, PERS members were required to contribute 9% of their annual covered salary, and the Town was required to contribute at an actuarially determined rate. The rate at September 30, 2011, was 12% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The Town's contributions (employer share only) to PERS for the years ending September 30, 2011, 2010 and 2009 were \$70,013, \$68,680 and \$68,480 respectively, equal to the required contributions for each year.

(13) Subsequent Events

Subsequent to September 30, 2011, the Town of Taylorsville issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
01/17/2012	2.00%	24,977	Lease purchase	Operating revenues
03/21/2012	2.00%	19,732	Lease purchase	Operating revenues

TOWN OF TAYLORSVILLE, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF TAYLORSVILLE, MISSISSIPPI
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 276,348	\$ 294,000	\$ 328,282	\$ 34,282
Sales tax	391,913	285,000	283,765	(1,235)
Licenses, commissions and other revenue	72,585	72,073	72,197	124
Intergovernmental revenues	36,430	37,742	44,673	6,931
Fines and forfeitures	21,739	32,272	34,984	2,712
Interest income	4,980	200	196	(4)
Miscellaneous revenues	169,400	639,581	670,190	30,609
Total Revenues	\$ 973,395	\$ 1,360,868	\$ 1,434,287	\$ 73,419
EXPENDITURES				
Current:				
General government	\$ 570,727	\$ 1,085,526	\$ 1,065,945	\$ 19,581
Public safety	429,543	428,957	427,391	1,566
Public works	336,463	341,100	294,211	46,889
Culture and recreation	47,649	42,100	26,984	15,116
Total Expenditures	\$ 1,384,382	\$ 1,897,683	\$ 1,814,531	\$ 83,152
Excess of Revenues over (under) Expenditures	\$ (410,987)	\$ (536,815)	\$ (380,244)	\$ 156,571
OTHER FINANCING SOURCES (USES)				
Other financing sources	\$ 410,987	\$ 536,815	\$ 406,735	\$ (130,080)
Total Other Financing Sources and Uses	\$ 410,987	\$ 536,815	\$ 406,735	\$ (130,080)
Net Change in Fund Balance	\$ 0	\$ 0	\$ 26,491	\$ 26,491
Fund Balances - Beginning	\$ 520,323	\$ 520,323	\$ 520,323	\$ 0
Fund Balances - Ending	\$ 520,323	\$ 520,323	\$ 546,814	\$ 26,491

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

TOWN OF TAYLORSVILLE, MISSISSIPPI

Notes to the Required Supplementary Information
For the Year Ended September 30, 2011

A. Budgetary Information.

The Town Clerk submits an annual budget to the Board of Aldermen on or before the last Tuesday of August in accordance with the State of Mississippi's statutory requirements. The budget is presented to the Board of Aldermen for review, and public hearings are held to address priorities and the allocation of resources. In September, the Board of Aldermen adopts the annual fiscal year budget for Board of Aldermen operating funds.

B. Basis of Budgeting.

The Town's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department within a fund as follows: personal services, contracted services, supplies, other services and charges, and capital outlay. Budget revisions are subject to final review by the Board of Aldermen. The legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. One revision to the budget was made throughout the year.

C. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

D. Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the net change in fund balance on the budgetary basis schedules to the net change in fund balance on the GAAP basis financial statements for the General Fund:

	<u>Governmental Fund Type</u>	
		<u>General Fund</u>
Budget (Cash Basis)	\$	26,491
Increase (Decrease)		
Net adjustments for revenue accruals		31,661
Net adjustments for expenditure accruals		<u>31,412</u>
GAAP Basis	\$	<u><u>89,564</u></u>

TOWN OF TAYLORSVILLE, MISSISSIPPI

Notes to the Required Supplementary Information
For the Year Ended September 30, 2011

E. Unbudgeted Funds.

The Town does not prepare a budget for the A & B Components Fund, a major special revenue fund, since it mainly accounts for rental income used to pay debt related to the building being rented.

TOWN OF TAYLORSVILLE, MISSISSIPPI

SUPPLEMENTAL INFORMATION

TOWN OF TAYLORSVILLE, MISSISSIPPI
Schedule of Surety Bonds for Officials
September 30, 2011

<u>NAME</u>	<u>POSITION</u>	<u>COMPANY</u>	<u>BOND</u>
Ray Lancaster	Alderman	Western Surety Company	\$ 10,000
Sharon Pitts	Alderman	Western Surety Company	10,000
Larry Moffett	Alderman	Western Surety Company	10,000
Dennis Robinson	Alderman	Western Surety Company	10,000
Janette Brewer	Alderman	Western Surety Company	10,000
Bobby Ainsworth	Police Chief	Western Surety Company	50,000
Mitzi Ford	Town Clerk	Western Surety Company	50,000
Arthur Newman	Deputy Clerk	Western Surety Company	50,000

TOWN OF TAYLORSVILLE, MISSISSIPPI

SPECIAL REPORTS

Charles Robert Prince
Certified Public Accountant
1109 Laurel Drive SE, P. O. Box 353
Magee, Mississippi 39111

Member
American Institute of
Certified Public Accountants

PHONE 601-849-2544
FAX 601-849-5147
princecp@bellsouth.net

Member
Mississippi Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor Rosalyn Glenn and
Honorable Members of the Board of Aldermen
Town of Taylorsville, Mississippi

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Taylorsville, Mississippi, ("Town") as of and for the year ended September 30, 2011, which collectively comprise the Town's basic financial statements and have issued my report thereon dated November 8, 2012. I conducted my 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 my audit, I considered the Town's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 Honorable Mayor Rosalyn Glenn, Honorable Members of the Board of Aldermen, management 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. However, this report is a matter of public record and its distribution is not limited.



November 8, 2012
Magee, Mississippi

**Charles Robert Prince
Certified Public Accountant
1109 Laurel Drive SE, P. O. Box 353
Magee, Mississippi 39111**

*Member
American Institute of
Certified Public Accountants*

**PHONE 601-849-2544
FAX 601-849-5147
princecp@bellsouth.net**

*Member
Mississippi Society of
Certified Public Accountants*

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

The Honorable Mayor Rosalyn Glenn and
Honorable Members of the Board of Aldermen
Town of Taylorsville, Mississippi

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Taylorsville, Mississippi, ("Town") as of and for the year ended September 30, 2011, which collectively comprise the Town's basic financial statements and have issued my report thereon dated November 8, 2012. I conducted my 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, I 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 my audit and, accordingly, I do not express such an opinion.

Due to the reduced scope, these compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. The results of my compliance tests and my audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information disclosed no material instance of noncompliance with state laws and regulations.

This report is intended solely for the information and use of the Honorable Mayor Rosalyn Glenn, Honorable Members of the Board of Aldermen, management 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. However, this report is a matter of public record and its distribution is not limited.



November 8, 2012
Magee, Mississippi

TOWN OF TAYLORSVILLE, MISSISSIPPI

SCHEDULE OF FINDINGS

TOWN OF TAYLORSVILLE, MISSISSIPPI

Schedule of Findings
For the Year Ended September 30, 2011

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|-------------|
| 1. | Type of auditor's report issued on the financial statements. | Unqualified |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | No |
| 3. | Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

The results of my tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.