



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 Bassfield, Mississippi

Audit Report

September 30, 2006

**Charles Robert Prince
Certified Public Accountant**

Town of Bassfield, Mississippi

Table of Contents

FINANCIAL STATEMENT

	<u>Page</u>
Independent Auditor's Report	1-2
Statement of Cash Receipts and Disbursements- Governmental and Business- type Activities	3-6
Notes to the Financial Statement	7-12

SUPPLEMENTAL INFORMATION

Schedule of Investments	13
Schedule of Long-Term Debt	14
Schedule of Surety Bonds for Town Officials	15
Schedule of Expenditure of Federal Awards	16-17
Note to Schedule of Expenditures of Federal Awards	18
Schedule of Findings and Questioned Cost	19-20
Summary Schedule of Prior Audit Findings	21

INTERNAL CONTROL AND COMPLIANCE

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>Government Auditing Standards</i>	22-23
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.....	24-25
Independent Auditor's Report on Compliance with State Laws and Regulations	26

FINANCIAL STATEMENT

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

Honorable Mayor and Board of Alderpersons
Town of Bassfield, Mississippi

I have audited the accompanying statement of cash receipts and disbursements-governmental and business-type activities for the Town of Bassfield, Mississippi, for the year ended September 30, 2006, 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 statements and schedules are the responsibility of Town of Bassfield, Mississippi's management. My responsibility is to express an opinion on the 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 statement is 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 provides a reasonable basis for my opinion.

As described in Note 1, the Town of Bassfield, Mississippi, prepares its financial statements on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles 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 and business-type activities. 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 statements resulting from cash receipts and disbursements transactions for the Town's governmental activities and business-type activities are not reasonably determinable.

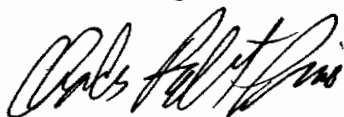
Page Two

In my opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with the basis of accounting described in Note 1, the cash receipts and disbursement financial position of the Town of Bassfield, Mississippi, for the year then ended.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 30, 2007, on my consideration of the Town of Bassfield'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 should be considered in assessing the results of my audit.

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

My audit was conducted for the purpose of forming an opinion on the financial statement that comprises the Town of Bassfield, Mississippi's, basic financial statements. The other supplemental information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statement of Town of Bassfield, Mississippi. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole, on the basis of accounting described in Note 1.



Magee, Mississippi
June 30, 2007

Town of Bassfield, Mississippi
Statement of Cash Receipts and Disbursements – Governmental and Business-type Activities
For the Year Ended September 30, 2006

	<u>Governmental Activities</u>				<u>Business-type Activities</u>	
	General Fund	Special Revenue Fund	Debt Service Fund	TOTAL	Water Fund	TOTAL
RECEIPTS:						
Taxes	\$ 18,435	\$	\$	\$ 18,435	\$	\$
General Property Taxes	14,138			14,138		
Road and Bridge Privilege	24,049			24,049		
License and Permits	1,180			1,180		
Utility Franchise Charges						
Other						
Intergovernmental Receipts						
Federal Receipts		637,500		637,500		
Rural Development-Grant	47,295			47,295	2,818	2,818
Disaster Grant	5,576			5,576		
Homeland Security						
Firefighter Assistance Grant		37,756		37,756		
State Grants					164	164
General Municipal Aid	1,567			1,567		
Homestead Exemption						
State Shared Receipts	171,970			171,970		
Sales Taxes	1,602			1,602		
Fire Protection	886			886		
Gasoline Taxes	1,800			1,800		
ABC						
County Grants						
Fire Allocation	25,192			25,192		

See accompanying notes to the financial statements and Independent Auditor's Report.

Town of Bassfield, Mississippi
Statement of Cash Receipts and Disbursements – Governmental and Business-type Activities
For the Year Ended September 30, 2006

	Governmental Activities			Business-type Activities		
	General Fund	Special Revenue Fund	Debt Service Fund	TOTAL	Water Fund	TOTAL
RECEIPTS: Continued						
Charges for Services	\$	\$	\$	\$	\$	\$
Water Utility					167,647	167,647
Garbage Fees	19,788			19,788	12,528	12,528
Other Receipts			32	32		
Fines and Forfeits						
Interest	10,600	7,100		17,700		
Rent	3,725			3,725		
Refunds	3,495			3,495		
Library	1,130			1,130		
Sale of Fixed Assets		1,916		1,916		
Dues		25,000		25,000		
Loan Proceeds-Land		7,000		7,000		
Loan Proceeds-Backhoe	11,023			11,023		
Insurance	3,843	850		4,693		
Other						
TOTAL RECEIPTS	\$ 367,458	\$ 717,122	\$ 32	\$ 1,084,612	\$ 182,993	\$ 182,993

See accompanying notes to the financial statements and Independent Auditor's Report.

Town of Bassfield, Mississippi
Statement of Cash Receipts and Disbursements – Governmental and Business-type Activities
For the Year Ended September 30, 2006

	Governmental Activities				Business-type Activities		
	General Fund	Special Revenue Fund	Debt Service Fund	TOTAL	Water Fund	TOTAL	TOTAL
DISBURSEMENTS:	\$ 146,698	\$	\$	\$ 146,698	\$	\$	\$
General Government							
Public Safety	70,318			70,318			
Police	37,876	2,261		40,137			
Fire	41,102			41,102			
Public Works	4,000	562		4,562			
Culture and Recreation							
Enterprises	2,930			2,930	140,513	140,513	8,121
Water and Sewer					8,121		
Garbage							
Grants							
Capital Outlay- Firefighter Assistance		37,756		37,756			
Capital Outlay- US Dept of Health		1,250		1,250			
Disaster Grant	24,699			24,699	2,818	2,818	
Capital Outlay- Homeland Security	5,576			5,576			
Capital Outlay- Rural Development		651,797		651,797			
Capital Outlay- Rural Development Interest		21,548		21,548			
Interest on Loans	1,933			1,933	13,718	13,718	
Other Disbursements	5,568			5,568			
Payment of Loan- Building	10,318			10,318	4,945	4,945	
Payment of Loan- Truck							
Payment of Loan- FHA							

See accompanying notes to the financial statements and Independent Auditor's Report.

Town of Bassfield, Mississippi
Statement of Cash Receipts and Disbursements – Governmental and Business-type Activities
For the Year Ended September 30, 2006

	<u>Governmental Activities</u>				<u>Business-type Activities</u>	
	General Fund	Special Revenue Fund	Debt Service Fund	TOTAL	Water Fund	TOTAL
DISBURSEMENTS: Continued						
Other Disbursements	\$	\$	\$	\$	\$ 10,456	\$ 10,456
Payment of Loan- GMAC				61,000	2,593	2,593
Payment of Loan- CAPS	36,000	25,000	135			
Capital Outlay						
Other				135		
TOTAL DISBURSEMENTS	<u>\$ 387,018</u>	<u>\$ 740,174</u>	<u>\$ 135</u>	<u>\$ 1,127,327</u>	<u>\$ 183,164</u>	<u>\$ 183,164</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>\$ (19,560)</u>	<u>\$ (23,052)</u>	<u>\$ (103)</u>	<u>\$ (42,715)</u>	<u>\$ (171)</u>	<u>\$ (171)</u>
OTHER FINANCING SOURCES (USES)						
Transfers	\$ 18,361	\$ (14,000)	\$ 3,113	\$ 7,474	\$ (7,474)	\$ (7,474)
Total other financing sources (Uses)	<u>\$ 18,361</u>	<u>\$ (14,000)</u>	<u>\$ 3,113</u>	<u>\$ 7,474</u>	<u>\$ (7,474)</u>	<u>\$ (7,474)</u>
Excess (Deficiency) of receipts and other financing sources over disbursements and other financing uses	\$ (1,199)	\$ (37,052)	\$ 3,010	\$ (35,241)	\$ (7,645)	\$ (7,645)
CASH BASIS FUND BALANCE- BEGINNING	\$ 15,800	\$ 49,886	\$ 20,961	\$ 86,647	\$ 6,248	\$ 6,248
Prior Year Correction (net) (Note 7)				\$ -	\$ 2,340	\$ 2,340
CASH BASIS FUND BALANCE- ENDING	<u>\$ 14,601</u>	<u>\$ 12,834</u>	<u>\$ 23,971</u>	<u>\$ 51,406</u>	<u>\$ 943</u>	<u>\$ 943</u>

See accompanying notes to the financial statements and Independent Auditor's Report.

Town of Bassfield, Mississippi
Notes to the Financial Statements
September 30, 2006

Note 1: Summary of Significant Accounting Policies

General Information

The Town of Bassfield, Mississippi, operates under the Mayor/Board of Aldermen form of government and provides services as authorized by law.

Reporting Entity

The financial statement of the Town consists of all the funds of the Town. There are no component units.

New Accounting Standards

In fiscal year 2005, the Town adopted three new statements of financial accounting standards and one new interpretation issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 34 – Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments
- Statement No. 37 – Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus
- Statements No. 38 – Certain Financial Statement Disclosures

Statements No. 34 (as amended by Statement No. 37) represents a very significant change in the financial reporting model used by state and local governments. Statement No. 37 requires government-wide financial statements that do not provide information by fund or account group, but distinguish between the Town’s governmental activities and business-type activities. The Town has not prepared government-wide financial statements. If the Town were to prepare government-wide financial statements on the accrual basis of accounting, the effect on the financial statements would be materially different.

Fund Accounting

The accounts of the Town of Bassfield, Mississippi, are organized on the basis of funds, each of which is considered a separate accounting entity. Funds are classified into categories as follows:

Town of Bassfield, Mississippi
Notes to the Financial Statements
September 30, 2006

Note 1: Summary of Significant Accounting Policies - Continued

Governmental Funds

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. 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 not paid through other funds are paid from the General Fund.

Special Revenue

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes because of legal requirements or administrative action.

Debt Service

Debt Service Funds are used to account for the accumulation of resources for the payment of general long-term debt principal, interest and related costs.

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

Financial statements are prepared on a cash receipts and disbursements basis; consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. This basis of accounting is prescribed by the Office of the State Auditor of Mississippi.

Town of Bassfield, Mississippi
Notes to the Financial Statements
September 30, 2006

Note 1: Summary of Significant Accounting Policies - Continued

Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to serve that portion of the applicable appropriation, is not used by the Town of Bassfield, Mississippi.

Budgets

The Town of Bassfield, Mississippi, follows these procedures in establishing the budgets:

1. Mayor prepares the proposed expenditure budgets during August of each year.
2. The Mayor and Clerk prepares estimates of available revenue.
3. Expenditure budgets are reviewed by the Mayor and Clerk and then submitted to the Board of Aldermen for review. Revisions are then communicated to the department heads.
4. Budgeted revenues and expenditures are balanced and presented to the Board of Aldermen by August 30. The final budget is approved in September.
5. The budget is formally amended as needed by the Board of Aldermen during the year.
6. The Town of Bassfield, Mississippi, prepares an annual budget for all funds on a cash basis.

Compensated Absences

The Town of Bassfield, Mississippi, does not compensate employees for unused vacation or sick leave.

Note 2: Report Classifications

Receipts and disbursements were classified according to requirements of the State Audit Department for small towns in the State of Mississippi.

Town of Bassfield, Mississippi
Notes to the Financial Statements
September 30, 2006

Note 3: Tax Calendar

Property taxes on real and personal property, exclusive of automobiles, attach as an enforceable lien on January 1, for the preceding calendar year. Taxes are payable by February 28, with interest and damages accruing after that date. Tax sales for unpaid real property taxes are held in August. The Town of Bassfield, Mississippi, bills and collects its own property taxes. The Town's levy on automobile taxes is collected by Jefferson Davis County and remitted to the Town monthly.

Tax millage levies for the current fiscal year were as follows:

<u>Fund</u>	<u>Millage</u>	<u>Purpose</u>
General Fund	8.75	General
General Fund	1.00	Special
General Fund	<u>.25</u>	Fire
Total	<u>10.00</u>	

Note 4: Defined Benefit Pension Plan

Plan Description

The Town of Bassfield, 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 (601) 359-3589 or 1-800-444-PERS.

Funding Policy

PERS members are required to contribute 7.25% of their annual covered salary and the Town of Bassfield, Mississippi, is required to contribute at an actuarial determined rate. The current rate is 11.3% of annual covered payroll.

The contribution of PERS members are established and may be amended only by the State of Mississippi Legislature. The Town of Bassfield, Mississippi's, contributions to PERS for the year ending September 30, 2006, was \$14,576, equal to the required contributions for the year.

Town of Bassfield, Mississippi
Notes to the Financial Statements
September 30, 2006

Note 5: Deposits with Financial Institutions and Investments

At September 30, 2006, the carrying amount (recorded on the Town's books) of the Town's cash deposits was \$52,349 and the bank balance was \$63,175. The collateral or 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 Town'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 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 Program. The Town only has interest bearing checking accounts.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town's policy on deposits requires state law to be followed.

Note 6: Commitments and Contingencies

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

The Town belongs to the Mississippi Municipal Liability Plan which provides liability insurance coverage for most of the municipalities in Mississippi. Under this arrangement, the plan has the right to assess the members of the plan group if the assets of the plan are insufficient to cover its obligations. The Town management is not aware of any impending assessments by the plan.

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.

Town of Bassfield, Mississippi
Notes to the Financial Statements
September 30, 2006

Note 7: Prior Year Correction

The prior year correction amount of \$2,340 was derived from old outstanding checks the town decided to write off in this fiscal year.

Note 8: Restricted Cash- Federal Programs

At September 30, 2006 any federal funds with cash balances are all in restricted funds and federally insured.

SUPPLEMENTAL INFORMATION

**Town of Bassfield, Mississippi
Schedule of Investments
September 30, 2006**

NONE

See accompanying notes to the financial statements and Independent Auditor's Report.

Town of Bassfield, Mississippi
Schedule of Long-Term Debt
September 30, 2006

Date of Issue	Definition & Purpose	Balance Outstanding 10/1/2005	Transactions During Fiscal Year		Balance Outstanding 9/30/2006
			Issued	Redeemed	
01/72	Water Improvements	\$ 4,000	\$	4,000	\$ -
08/74	Water Improvements	12,577		6,456	6,121
03/84	Water Improvements	38,969		2,593	36,376
02/05	Water Improvements	447,000		4,945	442,055
03/05	Economic Development	18,213		5,568	12,645
08/05	Truck	15,249		10,318	4,931
02/06	Backhoe		7,000		7,000
06/06	Land		25,000		25,000
		\$ 536,008	\$ 32,000	\$ 33,880	\$ 534,128

See accompanying notes to the financial statements and Independent Auditor's Report.

Town of Bassfield, Mississippi
Schedule of Surety Bonds for Town Officials
September 30, 2006

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Brenda Saulters	City Clerk	Brierfield	50,000
Pat Courtney	Aldersperson	MS Municipal	7,000
Jerry Holland	Aldersperson	MS Municipal	7,000
Hester Easterling	Aldersperson	MS Municipal	7,000
Johnny Kerley	Aldersperson	MS Municipal	7,000
Sandy Speights	Aldersperson	MS Municipal	7,000
Darrell W. Cooley	Policeman	Brierfield	25,000
Thomas Earl Stephens	Policeman	Brierfield	25,000
Earl Bullock	Police Chief	Brierfield	50,000
Terence Cooley	Policeman	Brierfield	25,000
Buford C. Blount	Mayor	MS Municipal	25,000
Ginny Hust	Deputy Clerk	MS Municipal	10,000

See accompanying notes to the financial statements and Independent Auditor's Report.

Town of Bassfield, Mississippi
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2006

Federal Grantor/Pass Thru Grantor/ Program Title	Federal CFDA Number	Grant ID Number	Agency or Pass-Thru Number	Federal Disbursements Expenditures
United States Department of Agriculture Rural Utilities Service Rural Development Water and Waste Disposal Systems for Rural Communities	10.760	RUS 2005	28-033-0640598250	\$ 673,345
United States Department of Health and Human Services Health Resources and Services Administration Health Care and Other Facilities Grant	93.887	1-C76-HF03279-01		\$ 1,250
United States Department of Homeland Security Federal Emergency Management Agency Disaster Grants - Public Assistance	97.036	065-03580-00	721	\$ 27,517
United States Department of Homeland Security Federal Emergency Management Agency Assistance to Firefighters Grant	97.044	EMW-2005-FG-02338		\$ 37,756

See accompanying notes to the financial statements and Independent Auditor's Report.

Town of Bassfield, Mississippi
Schedule of Expenditures of Federal Awards - Continued
For the Year Ended September 30, 2006

Federal Grantor/Pass Thru Grantor Program Title	Federal CFDA Number	Grant ID Number	Agency or Pass-Thru Number	Federal Disbursements Expenditures
United States Department of Homeland Security				
Federal Emergency Management Agency Homeland Security Grant Program	97.067	05-HS110	711	\$ 5,576
Total Expenditures of Federal Awards				\$ <u>745,444</u>

See accompanying notes to the financial statements and Independent Auditor's Report.

Town of Bassfield, Mississippi
Note to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2006

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Bassfield 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, *Audit of States, Local Governments, and Non-Profit Organizations*.

See accompanying notes to the financial statements and Independent Auditor's Report.

Town of Bassfield, Mississippi
Schedule of Findings and Questioned Cost
For the Year Ended September 30, 2006

Section 1: Summary of Auditor's Results:

1. The auditor's report expresses an adverse opinion on the statement of cash receipts and disbursements – governmental and business-type activities of Town of Bassfield, Mississippi due to the exclusion of government-wide financial statements in accordance with GASB 34.
2. One reportable condition disclosed during the audit of the financial statements is reported in the “Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*”. This condition is not reported as a material weakness.
3. No instances of noncompliance material to the financial statements of Town of Bassfield, Mississippi, were disclosed during the audit.
4. No instances of reportable conditions were disclosed during the audit of internal control over major federal award programs.
5. The auditor's report on compliance for the major federal award program for Town of Bassfield, Mississippi, expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award program for the Town of Bassfield, Mississippi.
7. The programs tested as major programs included: United States Department of Agriculture, Water and Waste Disposal Systems for Rural Communities, CFDA 10.760.
8. The threshold for distinguishing Types A and B programs were \$300,000.
9. Town of Bassfield, Mississippi, was determined to be a high-risk auditee.
10. There is no prior fiscal year audit finding and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section .315(b) of OMB Circular A-133.

See accompanying notes to the financial statements and Independent Auditor's Report.

**Town of Bassfield, Mississippi
Schedule of Findings and Questioned Cost
For the Year Ended September 30, 2006**

Section 2: Findings – Financial Statements Audit

Compliance

No findings in this fiscal year

Reportable Conditions Not Considered to be Material Weaknesses

06-01 Segregation of Duties

Condition: The current size of the Town's workforce limit the ability to employ adequate segregation of duties. Most office duties are performed by the Town Clerk.

Criteria: No one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Effect: The Town is exposed to potential risk of errors and abuse.

Recommendation: The Town should continue to keep up with daily activity and closely review and approve transactions. A Board member or their designee, should receive and open the bank statements and review the completed reconciliations, review and approve journal entries and subsidiary ledgers.

Response: The Town of Bassfield, Mississippi has determined by studying the financial resources of the town that an adequate segregation of duties is not cost effective for this small town. We will implement as much board oversight as possible but will not hire additional employees.

Section 3: Findings and Questioned Costs – Major Federal Award Programs Audit

No findings in this fiscal year

See accompanying notes to the financial statements and Independent Auditor's Report.

**Town of Bassfield, Mississippi
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2006**

Federal Awards Findings and Questioned Costs

No findings in the prior fiscal year

See accompanying notes to the financial statements and Independent Auditor's Report.

INTERNAL CONTROL AND COMPLIANCE

**Charles Robert Prince
Certified Public Accountant
Post Office Box 353
Magee, Mississippi 39111**

**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***

To the Mayor and Board of Alderpersons
Town of Bassfield, Mississippi

I have audited the accompanying statement of cash receipts and disbursements – governmental and business- type activities of Town of Bassfield, Mississippi, for the year ended September 30, 2006, and have issued my report thereon dated June 30, 2007. 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 Town of Bassfield, Mississippi's, internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Town of Bassfield, Mississippi's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 06-01.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be a reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to material weaknesses. However, I believe that none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Bassfield, Mississippi's, financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 as 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 Mayor and Board of Alderpersons, management, others within the organization, 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.



Magee, Mississippi
June 30, 2007

**Charles Robert Prince
Certified Public Accountant
Post Office Box 353
Magee, Mississippi 39111**

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

To the Mayor and Board of Alderpersons
Town of Bassfield, Mississippi

Compliance

I have audited the compliance of Town of Bassfield, Mississippi, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2006. Town of Bassfield, Mississippi'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 Town of Bassfield, Mississippi's, management. My responsibility is to express an opinion on Town of Bassfield, Mississippi's, compliance based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Bassfield, Mississippi's, compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Town of Bassfield, Mississippi's, compliance with those requirements.

In my opinion, Town of Bassfield, Mississippi, 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, 2006.

Internal Control Over Compliance

The management of Town of Bassfield, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Town of Bassfield, Mississippi's, internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the Mayor and Board of Alderpersons, management, others within the organization, 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.



Magee, Mississippi
June 30, 2007

**Charles Robert Prince
Certified Public Accountant
Post Office Box 353
Magee, Mississippi 39111**

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

To the Mayor and Board of Alderpersons
Town of Bassfield, Mississippi

I have audited the statement of cash receipts and disbursements – governmental and business-type activities of the Town of Bassfield, Mississippi, for the year ended September 30, 2006, and have issued my report thereon dated June 30, 2007. 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*.

As required by state legal compliance and the Office of State Auditor, I have also performed procedures to test compliance with certain laws and regulations. Also, as a part of my audit, I am requested to report on the results of the Municipal Compliance Questionnaire completed in conjunction with the audit. 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.

The results of my procedures, my audit of the financial statement, and review of the Municipal Compliance Questionnaire disclosed no material instance of noncompliance with state laws and regulations.

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



Magee, Mississippi
June 30, 2007