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TOWN OF CRAWFORD
FINANCIAL STATEMENT
AND
ACCOUNTANTS' COMPILATION REPORT
SEPTEMBER 30, 2006

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STATE AUDITOR'S OFFICE



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ACCOUNTANTS' COMPILATION REPORT

To the Board of Aldermen
Town of Crawford
Crawford, Mississippi 39743

We have compiled the accompanying Statement of Revenue and Expenses – Modified Cash Basis of the Town of Crawford for the year ended September 30, 2006, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statement and, accordingly, do not express an opinion or any other form of assurance on it.

Columbus, Mississippi
December 4, 2007

TOWN OF CRAWFORD

STATEMENT OF REVENUE AND EXPENSES - MODIFIED CASH BASIS

FOR THE YEAR ENDED SEPTEMBER 30, 2006

See Accountants' Compilation Report

	Governmental Fund	Enterprise Fund	
	General Fund	Water and Sewer Fund	Total
REVENUE			
Interest income	\$ 32	\$ -	\$ 32
Water revenues	-	88,059	88,059
Property tax	6,914	-	6,914
Municipal aid	17,478	-	17,478
Franchise	6,776	-	6,776
Auto tag tax	5,182	-	5,182
Grant	461,258	-	461,258
Liquor tax	900	-	900
 Total revenue	 498,540	 88,059	 586,599
 EXPENSES			
Subcontractor	-	196	196
Bank service charges	32	1,401	1,433
Dues	249	1,222	1,471
Insurance	8,262	890	9,152
Office supplies	2,140	1,480	3,620
Repairs	1,432	10,629	12,061
Refunds	300	348	648
Payroll expenses	4,736	-	4,736
Housing rehab	211,700	-	211,700
Salaries and related expenses	14,418	5,404	19,822
Officers' and directors' salaries	3,020	7,464	10,484
Salaries and wages - other	3,500	2,500	6,000
Pension plan contributions	1,988	1,440	3,428
Other personnel expenses	-	30	30
Accounting fees	4,100	-	4,100
Professional fees - other	9,970	-	9,970
Temporary help - contract	2,407	6,628	9,035
Supplies	-	4,352	4,352
Telephone and telecommunications	957	2,511	3,468
Postage, shipping, delivery	-	541	541

The accompanying notes are an integral part of this statement.

TOWN OF CRAWFORD

STATEMENT OF REVENUE AND EXPENSES - MODIFIED CASH BASIS

FOR THE YEAR ENDED SEPTEMBER 30, 2006

See Accountants' Compilation Report

	Governmental Fund	Enterprise Fund	
	General Fund	Water and Sewer Fund	Total
<i>EXPENSES</i> (Continued)			
Equipment rental and maintenance	\$ -	\$ 60	\$ 60
Utilities	20,207	2,661	22,868
Travel and meetings expenses	150	-	150
Depreciation and amortization	-	16,252	16,252
Miscellaneous expenses	38	375	413
Interest expense - general	2,046	-	2,046
Insurance - non-employee	-	720	720
Membership dues - organization	-	50	50
	291,652	67,154	358,806
Total expenses			
Excess of revenue over expenses	\$ 206,888	\$ 20,905	\$ 227,793

TOWN OF CRAWFORD
NOTES TO FINANCIAL STATEMENT
SEPTEMBER 30, 2006

See Accountants' Compilation Report

NOTE A - SUMMARY OF ACCOUNTING POLICIES

The Town of Crawford, located in Crawford (Lowndes County), Mississippi, has a population of approximately 750 residents. As of the year ended September 30, 2006, and to the present date, November 1, 2007, the Honorable Helen O'Neal was, and is, the Mayor of the Town of Crawford, Mississippi.

The accounting policies of the Town of Crawford conform to the modified cash basis of accounting as applicable to governments. The following is a summary of the more significant policies:

1. Financial Reporting Entity

For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the Town of Crawford governing board (the Board of Aldermen).

2. Fund Accounting

The accounts of the Town of Crawford are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, cash receipts and cash disbursements. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and by the means by which spending activities are controlled. The various funds are grouped, in the financial statement in this report, as follows:

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.

Enterprise Fund - Water and Sewage – The Enterprise Fund - Water and Sewerage is used to account for the operation of the water and sewer facilities.

TOWN OF CRAWFORD
NOTES TO FINANCIAL STATEMENT
SEPTEMBER 30, 2006

See Accountants' Compilation Report

NOTE A - SUMMARY OF ACCOUNTING POLICIES (Continued)

3. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Town of Crawford prepares its financial statements on the modified cash basis of accounting. Under this basis, revenues are recognized when collected, rather than when earned, and expenses are generally recognized when paid, rather than when incurred. Depreciation is recognized on fixed assets of the Enterprise Fund. Depreciation is taken over 40 years using the straight-line method.

NOTE B - CONCENTRATION OF CREDIT RISK

The Town of Crawford receives a substantial amount of its support from residents as tax revenue, water and sewer fees, and from Mississippi Development Authority grants. A significant reduction in the level of this support, if it were to occur, may have an effect on the Town of Crawford's activities.

NOTE C - USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE D - DEFINED BENEFIT PENSION PLAN

Plan Description. The Town of Crawford 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 report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, Mississippi 39201, or by calling (601) 359-3589 or 1-800-444-PERS.

TOWN OF CRAWFORD
NOTES TO FINANCIAL STATEMENT
SEPTEMBER 30, 2006

See Accountants' Compilation Report

NOTE D - DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the Town is required to contribute at an actuarially determined rate. The current rate is 11.3% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The Town's contribution to PERS for the fiscal year ended September 30, 2006, was \$3,428, which equaled the required contribution for the year.

TOWN OF CRAWFORD
INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
SEPTEMBER 30, 2006

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Aldermen
Town of Crawford
Crawford, Mississippi

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Crawford as of September 30, 2006, and for the year then ended, as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Miss. Code Ann. (1972). It is understood the report is solely for the use of the governing body of the Town of Crawford and the Office of the State Auditor and should not be used for any other purposes. Our procedures and findings are as follows:

1. We reconciled cash on deposit with the following banks to balances in the respective general ledger accounts and obtained confirmation of the related balances from the banks:

<u>Bank</u>	<u>Fund</u>	<u>Balance per General Ledger</u>
Cadence Bank	General	\$ 7,792
Cadence Bank	Enterprise	6,980
Cadence Bank	Contingent Fund	1,066
Cadence Bank	Depreciation Fund	1,029
Cadence Bank	Cushion Fund	1,710
Cadence Bank	CDBG Fund	2,505

2. We found no certificates of deposit or savings accounts.
3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
 - a. Verified use of certified county assessment rolls and traced levies to governing body minutes;
 - b. Examined uncollected taxes for proper handling, including tax sales;
 - c. Traced distribution of taxes collected to proper funds; and

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d. Analyzed increase in taxes for most recent period for compliance with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The Board of Aldermen's Resolution adopting the millage rate was recorded in the Lowndes County Chancery Court. There were no tax sales and interest on "taxes due" could not be determined.

The Lowndes County Tax Assessor will collect the taxes in the future and will remit to the Town of Crawford on a monthly basis.

Ad valorem tax collections were found to be within the limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972), as there was no increase in millage for 2005.

We obtained a statement of payments made by the Department of Finance and Administration to the municipality. The deposits of payments from TVA in lieu of taxes, sales tax, liquor tax, gasoline tax, general municipal aid, county property tax, homestead exemption reimbursement, and fire protection allocation were traced into the municipal treasury as recorded in the cash receipts journal. The interest on taxes due could not be traced into the municipal treasury.

Payments traced were as follows:

<u>Payment Purposes</u>	<u>Fund</u>	<u>General Ledger Amount</u>
Sales Tax Allocation	General Fund	\$ 10,718
General Municipal Aid	General Fund	341
TVA - In Lieu of Taxes	General Fund	2,148
Gasoline Tax	General Fund	2,094
Liquor Tax	General Fund	900
Homestead exemption reimbursement	General Fund	319
Fire Protection Allocation	General Fund	3,331
Emergency Management Funds - County	General Fund	2,400

We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code Ann. (1972), as applicable.

The sample consisted of the following:

Number of sample items	19
Total dollar value of sample	\$ 11,743

We found the municipality's purchasing procedures to be in agreement with the requirements of the above-mentioned sections.

6. We have read and tested on a limited basis, the Municipal Compliance Questionnaire completed by the municipality and found no instances of noncompliance.

Because the above procedures do not constitute an audit in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts or classes of transactions referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe the items specified in Paragraphs 1, 2 and 3 should be adjusted. Had we performed additional procedures or had we conducted an audit of the financial statements in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to you. This report should not be associated with the financial statement of the Town of Crawford compiled by us for the year ended September 30, 2006, under the report date of December 4, 2007.

J. E. Gott Company

Columbus, Mississippi
December 4, 2007