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**TOWN OF ACKERMAN, MISSISSIPPI
COMPILATION REPORT
AND SPECIAL REPORT ON
AGREED-UPON PROCEDURES
FOR SMALL TOWNS
SEPTEMBER 30, 2007**

TOWN OF ACKERMAN, MISSISSIPPI
Compilation Report
September 30, 2007

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WATKINS, WARD AND STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA	Michael L. Pierce, CPA
Harry W. Stevens, CPA	Marsha L. McDonald, CPA
Paul A. Ray, CPA	Wanda S. Holley, CPA
S. Keith Winfield, CPA	Robin Y. McCormick, CPA/PFS
William B. Stagers, CPA	J. Randy Scrivner, CPA
Aubrey R. Holder, CPA	Kimberly S. Caskey, CPA
David M. Howell, CPA	Susan M. Lummus, CPA
Michael W. McCully, CPA	Thomas J. Browder, CPA
Mort Stroud, CPA	Stephen D. Flake, CPA
Gary C. Hamilton, CPA	John N. Russell, CPA
R. Steve Sinclair, CPA	Kenny R. Dickerson, CPA

The Honorable Mayor and Board of Aldermen
Town of Ackerman, Mississippi
Ackerman, Mississippi

We have compiled the accompanying combined statement of cash receipts and disbursements (all funds) – of the Town of Ackerman, Mississippi for the year ended September 30, 2007, and the accompanying supplemental information, which is only presented for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statement has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of a financial statement 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.

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

Starkville, Mississippi
January 22, 2008

W. L. Stafford PCC

**TOWN OF ACKERMAN, MISSISSIPPI
 COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	General	Special Revenue	Debt Service	Proprietary Funds	Fiduciary Funds	Total (Memorandum Only)
Revenue Receipts:						
Taxes:						
Current Year	\$ 258,743		48,394			307,137
Prior year, penalties and interest	4,623		146			4,769
Licenses and permits	6,594					6,594
In lieu of taxes/franchise fees	48,361					48,361
State Shared Revenues:						
Homestead reimbursement	32,926		5,360			38,286
Sales Tax	295,001					295,001
Other state revenue	82,862					82,862
County Shared Revenues:						
Pro rata road tax	46,107					46,107
Fire protection	3,648					3,648
Charges for Services:						
Water Utility				386,268		386,268
Cemetery lots	2,600					2,600
Fines and forfeitures	13,319	20	473	20,587	15	13,319
Interest income	21,406		712			42,501
Miscellaneous	127,988	138,684				267,384
Total Revenue Receipts	944,178	138,704	55,085	406,855	15	1,544,837
Other Receipts:						
Customer Deposits				1,360		1,360
Transfers In	50,000		28,696		1,000	79,696
Total Other Receipts	50,000		28,696	1,360	1,000	81,056
Total Receipts	994,178	138,704	83,781	408,215	1,015	1,625,893
Cash Balance - Beginning of Year	694,532	7,906	74,076	776,042	5,468	1,558,024
Total Amount To Account For	\$ 1,688,710	146,610	157,857	1,184,257	6,483	3,183,917

See accompanying notes and accountants' compilation report.

**TOWN OF ACKERMAN, MISSISSIPPI
 COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) (Continued)
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	General	Special Revenue	Debt Service	Proprietary Funds	Fiduciary Funds	Total (Memorandum Only)
Operating Disbursements:						
General government	\$ 205,274					205,274
Public Safety:						
Police	269,007					269,007
Fire	203,950					203,950
Street Department	194,892					194,892
Culture and recreation	64,069					64,069
Cemetery	11,127					11,127
Enterprises:						
Water Utility				193,095		193,095
Capital Outlay				69,466		222,061
Debt Service:		152,595				
Interest and fiscal fees			38,788			
Total Operating Disbursements	948,319	152,595	38,788	15,966		54,754
Total Operating Disbursements	948,319	152,595	38,788	278,527		1,418,229
Other Disbursements:						
Bonds Retired			39,000			39,000
Bank Loans Repaid	29,695		7,371	39,613		46,984
Operating Transfers Out	29,695		46,371	50,000		79,695
Total Other Disbursements	978,014	-	46,371	89,613		165,679
Total Disbursements	978,014	152,595	85,159	368,140		1,583,908
Cash Balance - End of Year	710,696	(5,985)	72,698	816,117	6,483	1,600,009
Total Amount Accounted For	\$ 1,688,710	146,610	157,857	1,184,257	6,483	3,183,917

See accompanying notes and accountants' compilation report.

TOWN OF ACKERMAN, MISSISSIPPI
Notes to Financial Statement
September 30, 2007

Note A: Summary of Significant Accounting Policies

Reporting Entity

The financial statement of the Town consists of all the funds of the Town.

The Citizens of Ackerman have elected to operate under a Code Charter as permitted by Mississippi Statutes 21-3-3, which prescribes a Mayor and Board of Aldermen form of government.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic - but not only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no includable or excludable potential component units.

Fund Accounting

The accounts of the Town 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, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statement of this report, into four generic fund types and two broad fund categories 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. Included in this fund is the General Fund.

TOWN OF ACKERMAN, MISSISSIPPI
Notes to Financial Statement (Continued)
September 30, 2007

Note A: Summary of Significant Accounting Policies (Continued):

Governmental Funds (Continued):

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs. The Street Improvement Fund and the Note Service Fund comprise the Debt Service Fund.

Special Revenue Fund - The Special Revenue Fund accounts for the proceeds of specific revenue sources, other than major capital projects or expendable trust funds, that are legally restricted to expenditures for specified purposes.

Proprietary Funds:

Enterprise Funds - Enterprise Funds are used to account for operations (a) that 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 use charges; or (b) where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Proprietary Funds are the Water and Sewer Fund and the Natural Gas Fund.

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 uses the cash receipts and disbursements basis of accounting as prescribed by the Mississippi State Department of Audit. Revenues are recognized when received rather than when earned and expenditures are recognized when paid rather than when the liability is incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note B: Report Classifications

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

TOWN OF ACKERMAN, MISSISSIPPI
 Schedule of Investments (All Funds)
 September 30, 2007

Ownership	Type of Investment	Interest Rate	Acquisition Date	Maturity Date	Other Information	Investment Cost/Value
General Fund	Certificate of Deposit	2.48%	9/1/2007	12/1/2007	Merchants and Farmers Bank	\$ 79,691
General Fund	Certificate of Deposit	4.90%	5/23/2007	11/23/2007	Bank of Kilmichael	300,000
General Fund	Certificate of Deposit	5.00%	6/2/2007	6/2/2008	Bank of Kilmichael	113,000
Debt Service Fund	Certificate of Deposit	5.00%	6/2/2007	6/2/2008	Bank of Kilmichael	6,900
Enterprise Fund	Certificate of Deposit	2.48%	9/1/2007	12/1/2007	Merchants and Farmers Bank	58,596
Enterprise Fund	Certificate of Deposit	4.90%	5/23/2007	11/23/2007	Bank of Kilmichael	265,000
Enterprise Fund	Certificate of Deposit	5.00%	6/2/2007	6/2/2008	Bank of Kilmichael	132,000
						<u>\$ 955,187</u>

Town of Ackerman, Mississippi
Schedule of Long-Term Debt
For the Fiscal Year Ended September 30, 2007

DEFINITION AND PURPOSE	Balance Outstanding <u>October 1, 2006</u>	<u>Transactions During Fiscal Year</u>		Balance Outstanding <u>September 30, 2007</u>
		<u>Issued</u>	<u>Redeemed</u>	
General Obligation Bonds:				
1999 G.O. Bonds	\$ 514,000	-	30,000	484,000
2004 G.O. Bonds	184,000	-	6,000	178,000
2005 G.O. Bonds	87,000	-	3,000	84,000
Revenue Bonds:				
1980 Water and Sewer Bonds	60,398	-	7,967	52,431
Other Long-term Debt:				
CAP Loan 4-102-CP-01	55,104	-	7,371	47,733
CAP Loan 0-102-CP-01	88,701	-	5,628	83,073
CAP Loan 03-102-CP-01	283,357	-	16,122	267,235
Caterpillar Financial Services Note Payable	9,896	-	9,896	-
Totals	<u>\$ 1,282,456</u>	<u>-</u>	<u>85,984</u>	<u>1,196,472</u>

TOWN OF ACKERMAN, MISSISSIPPI
 SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
 SEPTEMBER 30, 2007

<u>Position</u>	<u>Name</u>	<u>Surety</u>	<u>Coverage</u>
Mayor	Robert B. Burney	St. Paul Travelers	\$ 25,000
Town Clerk	Bobbye K. Webb	USF&G	50,000
Tax Collector and Water Fund Clerk	Doris G. Worrell	The St. Paul	10,000
Alderman	George Rooks	St. Paul Travelers	20,000
	Debby Curtis	St. Paul Travelers	20,000
	Sheila L. Miller	St. Paul Travelers	20,000
	Dale Reid	St. Paul Travelers	20,000
	Carl Phelps	St. Paul Travelers	20,000
Chief of Police	Ricky Thornton	Western Surety	50,000
Court Clerk	Patricia Ann Coleman	USF&G	15,000
Deputy Clerk	Deborah T. Boley	St. Paul Travelers	15,000



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 David M. Howell, CPA Kimberly S. Caskey, CPA
 Michael W. McCully, CPA Susan M. Lummus, CPA

**SPECIAL REPORT ON AGREED-UPON
 PROCEDURES FOR SMALL MUNICIPALITIES (TOWNS)**

The Honorable Mayor and Board of Alderman
 Town of Ackerman

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Ackerman, Mississippi, as of September 30, 2007, 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 that this report is solely for the use of the governing body of the Town of Ackerman, Mississippi, and the Office of the State Auditor and should not be used for any other purposes. Our procedures and findings are as follows:

1. We reconciled cash on deposit with the following banks to 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>
Merchants and Farmers	General	\$ 218,005
Merchants and Farmers	Debt Service	65,798
Merchants and Farmers	Enterprise	360,521
Merchants and Farmers	Trust and Agency	6,483
Merchants and Farmers	Special Revenue	(5,985)
	Total	<u>\$ 644,822</u>

2. We physically examined securities held for investment. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972).

<u>General Security</u>	<u>Fund</u>	<u>Ledger Cost</u>
Certificate of Deposit	General	\$ 492,691
Certificate of Deposit	Debt Service	6,900
Certificate of Deposit	Enterprise	455,596
	Total	<u>\$ 955,187</u>

3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:

- a. Verify use of certified county assessment rolls and trace levies to governing body minutes;
- b. Examined uncollected taxes for proper handling, including tax sales
- c. Traced distribution of taxes collected to proper funds; and
- d. Analyzed increase in taxes for the most recent period for completion with increase limitations of sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, and uncollected taxes were determined to be properly handled. Ad valorem tax collections were found to be within the limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972). Ad valorem tax collections for the retirement of general obligation debt was found to be sufficient for payment of current principal and interest in accordance with limitations imposed by Sections 21-33-87 and 21-33-303, Miss. Code Ann. (1972).

4. We obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated were traced to deposit in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>Ledger Amount</u>
Gasoline Tax	General	\$ 4,769
General Municipal Aid	General	884
Other Aid to Counties	General	70,000
Fire Protection Allocation	General	8,026
Homestead Exemption Reimbursement	General	38,286
Other Aid in Municipalities	General	141,421
Sales Tax Allocation	General	295,001
TVA Payments in Lieu of Taxes	General	13,367
Trans of Escrow Pay Vet Loan	General	617
	Total	<u>\$ 572,371</u>

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

The sample consisted of the following:

Number of Sample Items 60
Total Dollar Value of Sample \$33,248

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

6. We have read the Municipal Compliance Questionnaire completed by the municipality. The completed survey indicated no instances of noncompliance with state requirements.

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 statements of the Town of Ackerman, Mississippi for the year ended September 30, 2007.

Starkville, Mississippi
January 22, 2008

Walter Ward and Stafford

TOWN OF ACKERMAN, MISSISSIPPI

Additional Information

Year Ended September 30, 2007

DEFINED BENEFIT PLAN

Plan Description

The Town of Ackerman 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 Ackerman is required to contribute at an actuarially determined rate. The current rate is 11.85% of annual covered payroll. The contribution requirement of PERS members are established and may be amended only by the State of Mississippi Legislature. The Town of Ackerman's contributions to PERS for the year ended September 30, 2007, were \$54,858.