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TOWN OF POTTS CAMP, MISSISSIPPI
FINANCIAL STATEMENTS
September 30, 2007

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ACCOUNTANTS' COMPILATION REPORT

**To the Mayor and Board of Aldermen
Town of Potts Camp
Potts Camp, Mississippi**

We have compiled the accompanying Statement of Receipts and Disbursements – Governmental and Business-type Activities, Schedule of Long-Term Debt, and Schedule of Surety Bonds for Town Officials of the Town of Potts Camp, Mississippi, for the year ended September 30, 2007, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have 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 financial statements and supplementary schedules information that is the representation of the town officials. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.

Town officials have not presented government-wide financial statements to display the cash basis financial position and changes in cash basis financial position 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 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 the cash basis transactions for the Town's governmental activities and business-type activities are not reasonably determinable.

The town officials have also elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the cash basis of accounting. If the omitted disclosures were included in the financials statements, they might influence the user's conclusions about the Town's cash receipts and disbursements. Accordingly, this financial statement is not designed for those who are not informed about such matters.

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

In accordance with the provisions of Section 21-35-31, Mississippi Code Annotated (1972), we have issued a report dated December 3, 2007, on the results of our agreed-upon procedures.

Jackson and Creighton, P.A.

Jackson and Creighton, P.A.
November 28, 2007

TOWN OF POTTS CAMP, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
For the Fiscal Year Ended September 30, 2007

	Governmental Activities	Business-type Activities		
	General Fund	Water & Sewer Fund	Garbage Fund	Total
RECEIPTS				
Taxes				
General property taxes	\$ 79,338	\$ -	\$ -	\$ -
Licenses and permits				
Privilege licenses	929			
Franchise fees	1,422			
Building permits	1,860			
Intergovernmental revenues:				
General municipal aid	257			
State shared revenues:				
Sales taxes	81,934			
Alcoholic beverage licenses	1,800			
Gasoline tax	1,389			
Homestead exemption	4,281			
TVA in lieu of taxes	6,002			
Fire protection	4,850			
County shared revenue:				
Road taxes	32,102			
Motor vehicle privilege taxes	932			
Charges for services:				
Water utility		123,511		123,511
Garbage collection			31,732	31,732
Fines and bonds	22,887			
Recreation:				
Fees/sponsorships	7,117			
Interest income		839		839
Miscellaneous	841			
Total Receipts	<u>247,941</u>	<u>124,350</u>	<u>31,732</u>	<u>156,082</u>
DISBURSEMENTS				
General government				
Executive and financial	73,225			
Judicial	16,664			
Public safety				
Police	64,979			
Fire	4,293			
Culture and recreation				
Parks	6,254			
Library	777			
Public works				
Streets	89,202			
Enterprise				
Garbage			32,488	32,488
Water and Sewer		79,791		79,791
Redemption of principal	20,820	12,610		12,610
Debt service interest	8,220	10,551		10,551
Total Disbursements	<u>284,434</u>	<u>102,952</u>	<u>32,488</u>	<u>135,440</u>
Excess (Deficiency) of receipts over disbursements	<u>(36,493)</u>	<u>21,398</u>	<u>(756)</u>	<u>20,642</u>
OTHER FINANCING SOURCES (USES)				
Transfers	24,000	(24,000)		(24,000)
Grants received	435	3,300		3,300
Loan proceeds	20,000			-
Total other financing sources (uses)	<u>44,435</u>	<u>(20,700)</u>	<u>-</u>	<u>(20,700)</u>
Excess (Deficiency) of receipts and other financing sources over disbursements and other financing uses	7,942	698	(756)	(58)
CASH BASIS FUND BALANCE - BEGINNING OF YEAR	<u>16,364</u>	<u>47,909</u>	<u>3,121</u>	<u>51,030</u>
CASH BASIS FUND BALANCE - END OF YEAR	<u>\$ 24,306</u>	<u>\$ 48,607</u>	<u>\$ 2,365</u>	<u>\$ 50,972</u>

See accountants' report.

TOWN OF POTTS CAMP, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
For the Fiscal Year Ended September 30, 2007

Definition and purpose	Balance	Transactions		Balance
	Outstanding Oct. 1, 2006	During Fiscal Year		Outstanding Sept. 30, 2007
		Issued	Redeemed	
Revenue bonds:				
G.E. Capital Corp., water system	\$ 61,188		\$ 7,696	\$ 53,492
G.E. Capital Corp., water system	25,132		2,299	22,833
RECD, water system	21,607		1,413	20,194
RECD, water system	84,817		1,202	83,615
General Obligation bonds:				
Bank of Holly Springs, street bonds	106,000		8,000	98,000
Other notes:				
Bank of Potts Camp, patrol car	3,845		3,845	-
Bank of Potts Camp, mower & trailer	1,706		1,706	-
Bank of Potts Camp, patrol car	7,239		7,239	-
Bank of Potts Camp, backhoe		49,250		49,250
Bank of Potts Camp, tax anticipation		20,000	34	19,966
TOTAL	\$ 311,534	\$ 69,250	\$ 33,434	\$ 347,350

See accountants' report.

TOWN OF POTTS CAMP, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
September 30, 2007

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Jimmie Collins	Mayor	MS Municipal Bond Program	\$ 25,000
Marie Tate	City Clerk	St. Paul Travelers	50,000
	Court Clerk	St. Paul Travelers	25,000
Judy Gordon	Deputy City Clerk	St. Paul Travelers	10,000
David Pannell	Police Chief	St. Paul Travelers	50,000
Ernest Cunningham	Judge	St. Paul Travelers	10,000
Bill Rowland	Police Officer	St. Paul Travelers	25,000
Perry Pipkin	Police Officer	St. Paul Travelers	25,000
Al Beard	Alderman	MS Municipal Bond Program	8,000
W. H. Bowen	Alderman	MS Municipal Bond Program	8,000
Joan Cox	Alderman	MS Municipal Bond Program	8,000
Carol Davis	Alderman	MS Municipal Bond Program	8,000
Casey Mayer	Alderman	MS Municipal Bond Program	8,000

See accountants' report.

**TOWN OF POTTS CAMP, MISSISSIPPI
AGREED-UPON PROCEDURES
September 30, 2007**

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December 3, 2007

**Board of Aldermen
Town of Potts Camp
Potts Camp, Mississippi**

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Potts Camp, 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). This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of specified users of the report. It is understood the report is solely for the use of governing body of the Town of Potts Camp, Mississippi, and the Office of the State Auditor and should not be used for any other purposes. Consequently, we make no representation regarding the sufficiency of the procedures described below either for which this report has been requested or for any other purpose. Our procedures and findings are as follows:

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:

Bank	Fund	Balance per General Ledger
Bank of Holly Springs	General	\$ 13,900
Bank of Holly Springs	General	7,234
Bank of Holly Springs	General	3,172
		<hr/>
		\$ 24,306
		<hr/>
Bank of Holly Springs	Utility	3,798
Bank of Holly Springs	Utility	4,747
Bank of Holly Springs	Utility	2,365
Bank of Holly Springs	Utility	17,131
Bank of Holly Springs	Utility	6,344
Bank of Holly Springs	Utility	6,301
Bank of Holly Springs	Utility	10,286
		<hr/>
		\$ 50,972
		<hr/>

2. There were no securities at September 30, 2007.

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 the 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 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:

Payment Purpose	Receiving Fund	Ledger Amount
Fire protection	Fire	\$ 2,338
Municipal aid	General	257
Gas tax	General	1,389
Homestead exemption	General	4,281
TVA in lieu	General	6,002
Liquor privilege tax	General	1,800
Sales tax allocation	General	81,934

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	\$ 57,778

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 following responses to the questionnaire indicate noncompliance with state requirements.

Disposition of claims (Section 21-39-9) requires that all claims shall be paid in the order of their entry in the claims docket. The claims are not being paid in the correct order.

Surety bonds are required to cover certain personnel including board members (Section 21-17-5). A new board member was elected during the year and a bond was not obtained.

Because the above procedures do not constitute an audit in accordance with auditing standards generally accepted in the United States of America, 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 auditing standards generally accepted in the United States of America, 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 Potts Camp, Mississippi, for the year ended September 30, 2007.

Jackson and Creighton, P.A.

Jackson and Creighton, P.A.
Certified Public Accountants