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**Town of Tishomingo
Annual Report
September 30, 2007**

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STATE AUDITOR'S OFFICE

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Honorable Mayor and Board of Aldermen
Town of Tishomingo
Tishomingo, Mississippi

Accountant's Compilation Report

The accompanying combined Statement of Receipts and Disbursements (All Funds) of the Town of Tishomingo, Mississippi for the year ended September 30, 2007, was compiled by me in accordance with standards established by the American Institute of Certified Public Accountants. I have also compiled the following supplemental information:

Schedule Reconciling Ad Valorem Tax Rolls to Fund Collections
Schedule of Surety Bonds for Employees and Elected Officials
Schedule of Long-term Debt

This compilation is limited to presenting in the form prescribed by the Mississippi State Department of Audit, information that is the representation of the town officials. I have not audited or reviewed the accompanying statements or the supplemental information and, accordingly, do not express an opinion or any other form of assurance on them.

These statements are presented in accordance with the requirements of the Mississippi State Department of Audit, which differs from generally accepted accounting principles. Accordingly, these statements are not designed for those who are not informed about such differences.

Sincerely,



David L. Nichols
Certified Public Accountant PC

December 15, 2007

Town of Tishomingo
Combined Statement of Receipts and Disbursements (All Funds)
For the Fiscal Year Ended September 30, 2007

	General	Special Revenue	Proprietary Funds	Total (Memo Only)
Revenue Receipts				
Property Taxes	\$29,594			\$29,594
Licenses and Permits	1,242			1,242
Franchise Tax	1,017			1,017
Utility Taxes	7,784			7,784
Intergovernmental Revenues				
State Shared Revenues:				
General Municipal Aid	165			165
Homestead Exemption Reimbursement	6,114			6,114
Sales Tax	94,003			94,003
Fire Protection Allocation	1,495			1,495
Gasoline Tax	889			889
State Grants	6,284			6,284
Federal Revenues				
Federal Grants			249,091	249,091
Federal Payments in Lieu of Taxes	4,780			4,780
Payments from Other Governments				
Pro Rata County Road Tax	5,233			5,233
Charges for Services				
Natural Gas Utility			\$555,384	555,384
Water Utility			108,838	108,838
Sanitation Fees			26,591	26,591
Fines and Forfeitures	56,703			56,703
Rents	3,600			3,600
Sale of Cemetery Lots	1,200			1,200
Miscellaneous	11,672		2,660	14,332
Total Revenue Receipts	\$231,775	\$0	\$942,564	\$1,174,339
Other Sources				
Interest Earned	\$1,913		\$6,290	\$8,203
Transfers	28,000		20,000	48,000
Total Other Sources	\$29,913	\$0	\$26,290	\$56,203
Total Receipts	\$261,688	\$0	\$968,854	\$1,230,542
Cash Balance - Beginning of Year	47,503		123,370	170,873
Total Amount to Account For:	\$309,191	\$0	\$1,092,224	\$1,401,415

See accompanying notes and accountant's report.

Town of Tishomingo
Combined Statement of Receipts and Disbursements (All Funds)
For the Fiscal Year Ended September 30, 2007

	<u>General</u>	<u>Special Revenue</u>	<u>Proprietary Funds</u>	<u>Total (Memo Only)</u>
Operating Disbursements				
Judicial	\$14,072			\$14,072
General Government	64,807			64,807
Public Safety				
Police	124,551			124,551
Fire	1,220			1,220
Streets	23,339			23,339
Community Development	1,395			1,395
Culture and Recreation				
Park	429			429
Library	4,689			4,689
Cemetery	3,170			3,170
Enterprise				
Natural Gas Utility			\$490,035	490,035
Water Utility			87,808	87,808
Health and Sanitation			22,131	22,131
Total Operating Disbursements	<u>\$237,672</u>	<u>\$0</u>	<u>\$599,974</u>	<u>\$837,646</u>
Other Uses				
Principal Payments on Debt	\$4,972	\$0	\$29,590	\$34,562
Transfers			48,000	48,000
Capital Outlay	31,009		255,754	286,763
Interest Payments	3,028		7,382	10,410
Total Other Uses	<u>\$39,009</u>	<u>\$0</u>	<u>\$340,726</u>	<u>\$379,735</u>
Total Disbursements	\$276,681	\$0	\$940,700	\$1,217,381
Cash Balances - End of Year	<u>32,510</u>		<u>151,524</u>	<u>184,034</u>
Total Amount Accounted For:	<u>\$309,191</u>	<u>\$0</u>	<u>\$1,092,224</u>	<u>\$1,401,415</u>

See accompanying notes and accountant's report.

Town of Tishomingo
Notes to the Financial Statements
September 30, 2007

Note 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town are prepared in conformity with the cash basis of accounting, which differs from generally accepted accounting principles (GAAP). Under this basis of accounting revenues are recorded when cash is received and expenditures/expenses are recorded when cash is disbursed. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles.

Financial statement presentation is in the form prescribed by the Mississippi State Department of Audit and contains information that is the representation of management. The prescribed format used for these statements differs from generally accepted accounting principles.

The more significant of the Town 's accounting policies are described below.

A. Reporting Entity

The Town of Tishomingo is small municipality with a population of approximately 316. The municipality operates under the Mayor/Alderman form of government and all Town officials are elected for four-year terms which expire simultaneously. The Town of Tishomingo provides the following services: public safety (police and fire); general administrative; public works (streets); recreation (parks and library); community development (clinic and cemetery); health and sanitation; and utilities(natural gas distribution, water, and sewerage).

Discretely Presented Component Units

When applicable, discretely presented component units are reported in separate columns in the combined financial statements to emphasize their legal separation from the government. For the current year, the Town had no component units.

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The accounts of the Town are organized on the basis of separate funds and account groups which are treated as separate accounting entities. Each utilizes a separate set of self-balancing accounts for assets, liabilities, fund equity, revenues, and expenditures (or expenses, as appropriate). Government resources are allocated to the various funds upon the basis of the purpose for which the resources are to be spent and the means by which the Government's spending activities are controlled. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device used to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. In accordance with the cash basis of accounting, revenues are recognized when received and expenditures/expenses are recorded when cash is disbursed for all funds.

Town of Tishomingo
Notes to the Financial Statements
September 30, 2007

The following fund types are used by the Town:

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.

Special Revenue Fund: The Special Revenue Fund is used for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are restricted to expenditures for specified purposes. The Town had one special revenue fund.

Proprietary Funds:

Enterprise Funds: The Enterprise Funds are used to account for operations 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 services to the general public on a continuing basis be financed or recovered primarily through user charges. The Town had three enterprise funds: Natural Gas Distribution, Water/Sewerage, and Health and Sanitation.

C. Assets, Liabilities, and Equity

Deposits and Investments

Cash and cash equivalents were held in qualified financial institutions insured by the FDIC. Surplus funds were invested in Certificates of Deposit held by commercial banks as allowed by state statute.

Fixed Assets

Fixed assets purchased, including amounts expended for infrastructure, were recorded as capital outlays and were expensed in the governmental and proprietary funds. These purchases were valued at original cost with no depreciation being recorded in accordance with the cash basis of accounting.

Capitalization of Interest

It is the policy of the Town to charge interest costs on debt used for the construction of long-lived assets to capital outlay in proprietary funds. The Town paid no capitalized interest for the current year. Operating interest totaled \$10,410.

Total Columns on Statement of Receipts and Disbursements

The total column on the Statement of Receipts and Disbursements, captioned "Memo Only", is presented merely to facilitate analysis. Such data is not comparable to a consolidation and interfund eliminations have not been made in the aggregation of this data.

Town of Tishomingo
Notes to the Financial Statements
September 30, 2007

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets

The Town prepared and adopted an annual budget for the all funds in accordance with the cash basis of accounting. The budget acts as the financial plan for the operation of the Town for the ensuing annual period. Revisions may be made to the original budget as necessary with the approval of the Board of Aldermen. The legal level of budgetary control is at the departmental level with all appropriations lapsing at year end. Steps in the budgetary process are as follows:

Revenues which can be expected to be available during the coming fiscal year are estimated. The municipal departmental budgets are submitted for approval by the Board of Aldermen at the July meeting.

The total proposed budget is presented at the August meeting of the Board and is published at least one time during September. At least one public hearing must be held prior to the final adoption of the budget.

The Board, by resolution, adopts and approves the final budget by September 15th and enters it in detail upon the minutes.

The governing body compares actual to budgetary expenditures at each regular monthly meeting and is required by statute to adhere to the limits prescribed by the budget.

B. Encumbrances

The Town did not employ encumbrance accounting.

C. Property Tax

Real property taxes are levied on January 1 and are payable in a single installment due by February 1. The tax rolls are prepared by the County Tax Assessor and are submitted to the Town for approval. Corrections to the tax rolls are approved and authorized by Board of Aldermen.

Unlike personal property taxes, collection of real property tax is an established procedure. The Collector may not vary from this procedure but must remain within the confines of the Mississippi Code of 1972.

Property taxes not paid by February 1 are considered in arrears and become subject to tax sale procedures if not paid by August 5. All real property subjected to tax sale procedures is listed and advertised in the manner prescribed by the Mississippi State Code and sold at public auction. Property which is not sold at public auction is forfeited by the taxpayer.

Town of Tishomingo
Notes to the Financial Statements
September 30, 2007

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

D. Risk Management

Significant losses of the Town were covered by the Mississippi Municipal Liability Plan and commercial insurance for all major programs. For the insured programs, there were no significant reductions in insurance coverage, and settlement amounts did not exceed coverage for the current year.

Note 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Cash and Cash Equivalents

Demand and interest-bearing deposits of the Town were held by First American National Bank in the total amount of \$191,204 at year end. Book balance at year end totaled to \$184,033.

Pledged Securities for Cash, Cash Equivalents, and Investments in Certificates of Deposit

The collateral for 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 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.

At year end, the book balance of all cash, cash equivalents, and investments on deposit totaled \$184,033 and the bank balance was \$191,204. Of the banks' balance, \$100,000.00 was secured by the Federal Deposit Insurance Corporation and the balance was secured by pledged securities .

B. Summary of Interfund Transfers

<u>Receiving Fund</u>	<u>Disbursing Fund</u>	<u>Amount</u>
General	Gas	\$28,000
Water	Gas	\$20,000

Town of Tishomingo
Notes to the Financial Statements
September 30, 2007

C. Long-Term Debt

Water and Sewer Revenue Bonds

A bond bearing interest at the rate of 5.0% per annum was issued to USDA Rural Development for \$390,000 on December 14, 1977 for the purpose of improving, repairing, and extending the combined water and sewer system. Principal and interest are payable annually in equal installments of \$24,683 on January 1. This bond is secured by the operating revenues of the Water/Sewer System.

A bond bearing interest at the rate of 5.0% per annum was issued to USDA Rural Development for \$80,000 on May 20, 1980 for the purpose of improving, repairing, and extending the combined water and sewer system. Principal and interest are payable annually in equal installments of \$5,000 on May 20. This bond is secured by the operating revenues of the Water/Sewer System.

A bond bearing interest at the rate of 5.875% per annum was issued to USDA Rural Development for \$25,800 on March 10, 1987 for the purpose of improving, repairing, and extending the combined water and sewer system. Principal and interest are payable annually in equal installments of \$1,787 on March 10. This bond is secured by the operating revenues of the Water/System System.

A note bearing interest at the rate of 3.0% per annum was issued to Mississippi Development Authority for \$33,950 on September 30, 2002 for the purpose of improving and extending the sewer system. Principal and interest are payable monthly in equal installments of \$234 for 15 years. This loan is secured by the sales tax allocation and homestead exemption reimbursement received by the Town.

A summary of long-term debt is shown at Schedule 2.

D. Short-Term Debt

Industrial Development Note

A note was issued to Bancorpsouth for \$51,000 on September 25, 2002 for the purpose of purchasing 19.2 acres of industrial park property. The note matures annually with all principal and interest payable. This note is secured by the real estate owned by the Town. The note bears interest at the rate of 8.25% per annum. Balance on this note at year end totaled \$30,580.

E. Summary of Capital Outlay-All Funds

	<u>General</u>	<u>Gas</u>	<u>Water</u>
Machinery and Equipment	\$31,009	\$ 0	\$255,754
	=====	=====	=====

Town of Tishomingo
Notes to the Financial Statements
September 30, 2007

F. Defined Benefit Pension Plan

All eligible employees of the Town participate in the Public Employees Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer defined benefit pension plan. The Town's payroll for employees covered by PERS for the current year ended was \$175,605.

Membership in PERS is a condition of employment for all eligible employees of the State of Mississippi, public schools, institutions of higher learning community colleges, and eligible employees of municipalities, counties, and other political subdivisions and instrumentalities of municipal and county government that have entered into a Membership Agreement approved by the PERS Board of Trustees.

Covered employees as of September 30, 2007 of the Town were required by statute to contribute 7.25% of their salary to PERS. If an employee leaves covered employment, accumulated employee contributions plus related investment earnings allocations may be refunded to the employee or designated beneficiary.

Each participating employer is required by statute to contribute the remaining amounts necessary to finance the coverage of its own employees. Benefit and contribution provisions are established by state law and may be amended only by the Mississippi State Legislature. The Town's contribution requirement for the current year totaled \$34,488 which consisted of \$21,757 for the Town's share and \$12,731 for the employee share. The employer contributions represented 11.3% of covered payroll from October 2006 through June 2007 and 11.85% of covered payroll from July 2007 through September 2007. Employee contributions represented 7.25% of covered payroll.

Town of Tishomingo
Schedule Reconciling Original Ad Valorem Tax Rolls to Fund Collections
For the Year Ended September 30, 2007

	Assessed Value	Tax
Adjusted Assessed Valuation:		
Realty	\$810,128	
Personal	300,066	
Personal - Auto (Remitted by County)	298,077	
Total Town at 25.0 Mills	\$1,408,271	\$35,207
Less: Homestead Exemption Allowed		(6,250)
		\$28,957
Add: Actual Homestead Reimbursement		\$6,113
In lieu Taxes		4,780
Prior Year Tax Collections		1,314
Penalties and Interest on Delinquent Taxes		29
		12,236
Deduct: County Tax Collector's Commissions		(375)
Total to Be Accounted For:		\$40,818

	Taxes	Homestead Reimbursement	
Credits:			
Collections Allocated to:			
General	\$34,375	\$6,113	\$40,488
Balance Represented by:			
Unpaid Taxes			\$330
Unaccounted for (Oversettled)			0
Total			330
Total Accounted For:			\$40,818

See accompanying notes and accountant's report

Town of Tishomingo
Schedule of Surety Bonds for Employees and Elected Officials
September 30, 2007

<u>Name</u>	<u>Position</u>	<u>Amount</u>
James Tennyson	Mayor	\$25,000
James Burns	Alderman	\$5,000
Barbara Oaks	Alderman	\$5,000
Fredia Hale	Alderman	\$5,000
Ann Taylor	Alderman	\$5,000
Bertha Gortney	Alderman	\$5,000
Paula Rushing	City Clerk	\$50,000
Joan Turner	Utiltiy Clerk	\$50,000
Mike Kemp	Police Officer	\$25,000
James Newcomb	Police Officer	\$25,000
Russ Robinson	Police Officer	\$25,000
Shane Wigginton	Police Officer	\$25,000
Jimmy Johnson	Police Officer	\$25,000

See accountant's report.

**Town of Tishomingo
Schedule of Long-term Debt
September 30, 2007**

Payee	Original Amount	Interest Rate	Beginning Balance	New Issues	Principal Payments	Ending Balance
USDA 91-07	\$390,000	5.000%	\$94,820		\$23,060	\$71,760
USDA 93-04	80,000	5.000%	31,361		3,493	27,868
USDA 91-05	25,800	5.875%	12,833		1,051	11,782
CAP 0-362-CP-01	33,950	3.000%	25,489		1,986	23,503
	<u>\$529,750</u>		<u>\$164,503</u>	<u>\$0</u>	<u>\$29,590</u>	<u>\$134,913</u>

Schedule of Debt Maturities

	Principal	Interest	Total
09-30-08	31,092	7,289	38,381
09-30-09	33,656	5,728	39,384
09-30-10	35,226	4,164	39,390
09-30-11	20,211	2,600	22,811
09-30-12	2,385	450	2,835
Thereafter	12,343	1,500	13,843
Total	<u>\$134,913</u>	<u>\$21,731</u>	<u>\$156,644</u>

See accountant's report.

David L. Nichols

Certified Public Accountant PC

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Report on Agreed-Upon Procedures

Mayor and Board of Aldermen
Town of Tishomingo
Tishomingo, Mississippi

I have applied certain agreed-upon procedures, as discussed below to the accounting records of the Town of Tishomingo, 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 Tishomingo, Mississippi, and the Office of the State Auditor and should not be used for any other purpose. My procedures and findings are as follows:

- A. I reconciled cash on deposit with the following banks to the balances in the respective general ledger accounts and obtained confirmation of the related balances from the bank:

<u>Bank</u>	<u>Balance per General Ledger</u>
First American National Bank	\$184,033

- B. The Town owned no investment securities during the fiscal year ended September 30, 2007.
- C. I performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
1. Verified the use of county assessment rolls.
 2. Reconciled the amount of taxes levied per the tax rolls to amounts actually collected and found taxes to be over-settled in the amount of \$0.
 3. Examined the tax rolls for uncollected taxes and determined all taxes have been collected.
 4. Traced distribution of taxes collected to the proper funds and determined that taxes were properly distributed.

5. Analyzed increase in taxes for the most recent period for compliance with increase limitations of Sections 27- 39-320 to 27-39-329, Miss. Code Ann. (1972).

Ad valorem assessments were found to be within the limitation of Sections 27-39-320 to 27-39-329. Details are as follows:

Actual Collections Base Year 2005	\$38,546	Actual Collections Current Year	\$34,375
10% Increase	3,854	Homestead Exemption Reimbursement	6,113
Exempt Collections	0	Margin	1,912
Total	<u>\$42,400</u>	Total	<u>\$42,400</u>

- D. I obtained a statement of payments made by the Department of Finance and Administration to the municipality. The following payments indicated were traced to deposit in the respective bank accounts and were recorded in the general ledger without exception:

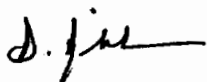
<u>Payment Purpose</u>	<u>Fund</u>	<u>Amount</u>
TVA Payments in Lieu	General	\$ 4,339
Sales Tax	General	\$ 94,003
Fire Protection Allocation	Special Revenue	\$ 1,495
Homestead Exemption	General	\$ 6,113
Gasoline Tax	General	\$ 888
Municipal Aid	General	\$ 164
Law Enforcement Grant	General	\$ 6,000
Emergency Management Grant	General	\$ 3,500
Other Aid	General	\$251,875

- E. I reviewed all expenditures made by the municipality exceeding \$3,500 during the fiscal year totaling \$637,746 for compliance with purchasing requirements set forth in Sections 31-7-1, 31-7-13, 31-7-49, and 31-7-57, Miss. Code Ann. (1972), as applicable. There were no instances of noncompliance with state requirements.
- F. I read the Municipal Compliance Questionnaire completed by the municipality and the completed survey indicated no instances of non-compliance with state requirements.

Town of Tishomingo
Agreed-upon Procedures Report
Page 3

Because my procedures do not constitute an audit in accordance with generally accepted auditing standards, I 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 my attention that caused me to believe that the items specified in the preceding paragraphs should be adjusted. Had I performed additional procedures or had I conducted an audit of the financial statements in accordance with generally accepted auditing standards, matters might have come to my attention that would have been reported to you. This report should not be associated with the financial statements of the Town of Tishomingo, Mississippi for the year ended September 30, 2007.

Sincerely,



David L. Nichols
Certified Public Accountant PC

December 15, 2007