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**TOWN OF DEKALB, MISSISSIPPI  
COMPILED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**



TOWN OF DEKALB, MISSISSIPPI  
Compilation Report  
September 30, 2008

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

We have compiled the accompanying statement of cash receipts and disbursements-governmental and business-type activities of the Town of DeKalb for the year ended September 30, 2008, and the supplementary information in the accompanying Schedules, which are presented only for supplementary analysis purposes, in accordance with standards established 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 management. We have not audited or reviewed the accompanying statement of cash receipts and disbursements-governmental and business-type activities and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.

Management has 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 of DeKalb's cash basis of accounting, require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements resulting from the cash basis transactions for the Town of DeKalb's governmental activities and business-type activities are not reasonably determinable.

Management has 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 financial statements, they might influence the user's conclusions about the Town of DeKalb's cash receipts and disbursements. Accordingly, this financial statement is not designed for those who are not informed about such matters.

Management also has 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, Miss. Code Ann. (1972), we have issued a report dated September 25, 2009, on the results of our agreed-upon procedures.

Philadelphia, Mississippi  
September 25, 2009

TOWN OF DEKALB, MISSISSIPPI  
 Combined Statement of Cash Receipts and Disbursements (All Funds)  
 For the Fiscal Year Ended September 30, 2008

	Governmental Activities			Business- Type Activities	Totals	
	General Fund	Special Revenue Fund	Capital Projects Fund	Enterprise Fund	(Memorandum Only)	
					2008	2007
<b>Revenue Receipts:</b>						
General property taxes	\$ 167,356	\$	\$	\$	\$ 167,356	\$ 143,181
Franchise tax and utilities	52,798				52,798	53,788
Intergovernmental revenues:						
General municipal aid	667				667	591
State shared revenues:						
Grants	5,803				5,803	6,206
Fire	5,034				5,034	4,600
Liquor tax	1,800				1,800	1,800
Sales tax	259,275				259,275	241,519
Gasoline tax	2,672				2,672	2,673
Charges for services:						
Garbage	41,889				41,889	41,487
Water				277,686	277,686	316,802
USDA Grant-Federal		10,790			10,790	45,058
ARC Grant - Federal			143,832		143,832	
Mississippi Development Authority Grant			150,000		150,000	
<b>Total Revenue Receipts</b>	<u>537,294</u>	<u>10,790</u>	<u>293,832</u>	<u>277,686</u>	<u>1,119,602</u>	<u>857,705</u>
<b>Other Receipts:</b>						
Fines and forfeits	56,851				56,851	39,367
Interest	19,821		12	12,231	32,064	27,046
Donations					-	500
Interfund transfer in	3,470		47,207		50,677	50,561
Rent income	27,727				27,727	
Loan proceeds			225,798		225,798	
Miscellaneous	3,000			395	3,395	7,576
<b>Total Other Receipts</b>	<u>110,869</u>		<u>273,017</u>	<u>12,626</u>	<u>396,512</u>	<u>125,050</u>
<b>Total Receipts</b>	<u>648,163</u>	<u>10,790</u>	<u>566,849</u>	<u>290,312</u>	<u>1,516,114</u>	<u>982,755</u>
<b>Cash Balance - Beginning of Year</b>	<u>491,621</u>	<u>9,677</u>		<u>362,003</u>	<u>863,301</u>	<u>870,833</u>
<b>Total Receipts to Account For</b>	<u>\$ 1,139,784</u>	<u>\$ 20,467</u>	<u>\$ 566,849</u>	<u>\$ 652,315</u>	<u>\$ 2,379,415</u>	<u>\$ 1,853,588</u>

See accompanying notes and accountants' compilation report.

TOWN OF DEKALB, MISSISSIPPI  
 Combined Statement of Cash Receipts and Disbursements (All Funds)  
 For the Fiscal Year Ended September 30, 2008

	Governmental Activities			Business- Type Activities	Totals	
	General Fund	Special Revenue Fund	Capital Projects Fund	Enterprise Fund	(Memorandum Only)	
					2008	2007
<b>Operating Disbursements:</b>						
General government	\$ 117,880	\$	\$	\$	\$ 117,880	\$ 116,803
Public Safety:						
Police	271,940				271,940	257,551
Fire	33,276				33,276	13,554
Street	100,607				100,607	82,571
Sanitation	47,861				47,861	47,864
Recreation	6,000				6,000	6,860
Conservation, urban, and economic development	37,000				37,000	35,700
Enterprises:						
Water				322,735	322,735	380,021
USDA Grant Expenditures		20,467			20,467	85,942
ARC Grant Expenditures			30,615		30,615	
<b>Total Operating Disbursements</b>	<u>614,564</u>	<u>20,467</u>	<u>30,615</u>	<u>322,735</u>	<u>988,381</u>	<u>1,026,866</u>
<b>Other Disbursements:</b>						
Interfund transfer out	15,207		3,470	32,000	50,677	50,561
Principal payments	8,907		120,000		128,907	
Interest payments	3,132				3,132	
Capital outlay			375,308		375,308	
Capital outlays less current depreciation						(87,140)
Miscellaneous			490		490	
<b>Total Other Disbursements</b>	<u>27,246</u>		<u>499,268</u>	<u>32,000</u>	<u>558,514</u>	<u>(36,579)</u>
<b>Total Receipts</b>	641,810	20,467	529,883	354,735	1,546,895	990,287
<b>Cash Balance - End of Year</b>	<u>497,974</u>		<u>36,966</u>	<u>297,580</u>	<u>832,520</u>	<u>863,301</u>
<b>Total Amount Accounted For</b>	<u>\$ 1,139,784</u>	<u>\$ 20,467</u>	<u>\$ 566,849</u>	<u>\$ 652,315</u>	<u>\$ 2,379,415</u>	<u>\$ 1,853,588</u>

See accompanying notes and accountants' compilation report.

TOWN OF DEKALB, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2008

**Note A: Summary of Significant Accounting Policies**

**Reporting Entity**

The financial statements of the Town of Dekalb consist of all the funds of the Town.

The Citizens of Dekalb, Mississippi 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, the following is a brief review of each potential component unit addressed in defining the Town's reporting entity.

Included within the reporting entity:

**Town of Dekalb Water and Sewer Department** – The Water and Sewer Department's governing board is the Town's governing body. The rates for user charges and bond issuance authorizations are determined by the government's governing body.

**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 or expenses, as appropriate. 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 statements in this report, into four generic fund types and two broad fund categories as follows:

TOWN OF DEKALB, MISSISSIPPI  
Notes to Financial Statements (Continued)  
September 30, 2008

**Note A: 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.

**Special Revenue Funds** – The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) 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.

**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.

**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.

**Note C: Litigation**

The Town of Dekalb is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate the ultimate outcome or liability, if any, of the Town of Dekalb with respect to various proceedings.

TOWN OF DEKALB, MISSISSIPPI  
 Supplementary Information  
 For the Fiscal Year Ended September 30, 2008

**SCHEDULE OF LONG TERM DEBT**

<u>Issue Date</u>	<u>Definition and Purpose</u>	<u>Balance Outstanding 10/01/07</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance Outstanding 09/30/08</u>
12/13/07	Commercial Bank AL&S Building & renovation	\$	225,798	123,131	\$ 102,667
	<b>TOTAL</b>	\$ <u>                    </u>	<u>225,798</u>	<u>123,131</u>	\$ <u>102,667</u>

**SCHEDULE OF SURETY BONDS**

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Amount</u>
Homer Hall	Mayor	CNA Surety	\$ 10,000
Amy Smith	Town Clerk	CNA Surety	\$ 50,000
Brenda Nelson	Deputy Clerk	CNA Surety	\$ 10,000
Steven Jackson	Police Chief	CNA Surety	\$ 50,000
Brenda Nelson	Municipal Court Clerk	CNA Surety	\$ 10,000
Johnny Rush	Alderman	MS Municipal Bond Program	\$ 10,000
James Craig	Alderman	MS Municipal Bond Program	\$ 10,000
Theotis Cole Jr.	Alderman	MS Municipal Bond Program	\$ 10,000
Mary Donald	Alderman	MS Municipal Bond Program	\$ 10,000
Keith Barnes	Alderman	MS Municipal Bond Program	\$ 10,000

See Accompanying Accountants' Compilation Report.



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**Independent Accountants' Report on Applying  
Agreed-Upon Procedures**

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

We have performed the procedures enumerated below, which were agreed to by the Office of the State Auditor, to the accounting records of the Town of Dekalb, Mississippi, solely to assist the Office of the State Auditor evaluate the Town of Dekalb's compliance with certain laws and regulations as of September 30, 2008, and for the year then ended. This agreed-upon-procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Office of the State Auditor, State of Mississippi. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

<u>Bank</u>	<u>Fund</u>	<u>Balance Per General Ledger</u>
Commercial Bank	General-Checking Account	\$ 132,766
Commercial Bank	Capital Projects-Checking Account	36,966
Commercial Bank	Enterprise-Checking Account	46,181
Commercial Bank	Fiduciary-Checking Account	2,364
Commercial Bank	General-Certificate of Deposit	250,000
Citizens Bank	General-Certificate of Deposit	115,000
Commercial Bank	Enterprise-Certificate of Deposit	169,224
Citizens Bank	Enterprise-Certificate of Deposit	82,175

2. The Town of Dekalb, Mississippi has no investments. Certificates of Deposit are included at item 1 above.
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 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).

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>General Ledger Amount</u>
Water and Sewer Utilities	Enterprise Fund	\$ 5,884
Gasoline Tax	General Fund	2,672
Homestead Exemption	General Fund	19,105
Liquor Privilege	General Fund	1,800
Fire Protection	General Fund	5,034
Sales Tax Allocation	General Fund	259,275
General Municipal Aid	General Fund	507
Grants	General Fund	6,198
Public Safety	General Fund	3,000
In Lieu of Taxes	General Fund	13,912
Mississippi Development Authority	Capital Projects Fund	150,000

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	6
Total Dollar Value of Sample	\$ 404,501

We noted the following exceptions in the municipality's purchasing procedures:

- A. The Town purchased a building in December 2007. Mississippi Code Section 43-37-3 requires that real property be appraised prior to initiation of negotiations. The law further states that the price paid for real property be the lesser of the best negotiated price or the approved appraisal of the fair market value or the price at which the property is offered for sale. The Town did not obtain an appraisal on the building prior to negotiations, which it bought for \$150,000.
- B. Subsequent to the purchase of the existing building described above, the Town purchased a metal building in the amount of \$33,432 as an addition to the existing

building. The Town also contracted for the construction of a concrete slab and loading dock in the amount of \$41,876. State purchasing law requires that the municipality obtain at least two quote bids for expenditures of more than \$5,000 but not more than \$50,000. The Town failed to obtain quotes on both noted expenditures in violation of state purchasing law.

Except as noted above, 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 Town of Dekalb. The completed survey did not indicate any instances of noncompliance with state requirements.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on management's compliance with laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters may have come to our attention that would have been reported to you.

This report is intended solely for the Town of Dekalb and the Office of the State Auditor, State of Mississippi and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is not intended to be and should not be used by anyone other than those specified parties.

Philadelphia, Mississippi  
September 25, 2009