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ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor Dock H. Gabbert
Board of Aldermen
Town of Derma
Derma, MS 38839

I have compiled the accompanying Combined Statement of Cash Receipts and Disbursements-All Fund Types of the Town of Derma, Mississippi for the year ended September 30, 2008, in accordance with Statements of 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. I have not audited or reviewed the accompanying Combined Statement of Cash Receipts and Disbursements-All Fund Types and, accordingly, do not express an opinion or any other form of assurance on it.

The Town's policy is to prepare its financial statement on the basis of cash receipts and disbursements; consequently, certain revenue is recognized when received rather than when measurable and available, and certain expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the Statement of Cash Receipts and Disbursements-All Fund Types is not intended to present results of operations, in conformity with generally accepted accounting principles.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements. If the omitted disclosures were included, they might influence the user's conclusions about the Town's cash receipts and disbursements. Accordingly, the financial statement is not designed for those who are not informed about such matters.

The supplementary information contained on page 4 through 6 is presented for purposes of additional analysis and has been compiled by me from information that is the representation of management of the town of Derma, Mississippi without audit or review. Accordingly I do not express an opinion or any other form of assurance on such supplementary information.

Ronnie S. Windham CPA

September 10, 2009

TOWN OF DERMA
COMBINED STATEMENT OF CASH RECEIPTS & DISBURSEMENTS
(ALL FUNDS)-CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Governmental Fund Type</u>		<u>Proprietary</u>	<u>Totals</u>	
	GENERAL	CAPITAL PROJECTS	Fund Type WATER & SEWER	<u>(Memorandum Only)</u>	
				2007-2008	2006-2007
Taxes					
General Property	79,448			79,448	69,417
Federal Grants	53,898			53,898	6,850
Penalties	1,089			1,089	1,105
Licenses & Permits					
Utility Franchise Tax	14,531			14,531	13,403
Other	803			803	926
Intergovernmental Receipts					
General Municipal Aid	3,346			3,346	2,068
State Shared					
Sales tax	57,445			57,445	53,425
Fire Protection	8,298			8,298	5,782
Road Tax				0	1,644
Fines and Forfeits	48,104			48,104	42,802
Fire Fees	0			0	1,200
Misc Income	15,231			15,231	2,093
Enterprise Operations					
Water & Sewer Rev			284,798	284,798	264,191
Sanitation			52,999	52,999	48,338
Grants		20,500	63,752	84,252	146,824
Rent				0	44
Interest	1,660		6,902	8,562	10,420
Loan proceeds				0	338,872
Transfers	59,920		141,789	201,709	220,525
	<u>343,773</u>	<u>20,500</u>	<u>550,240</u>	<u>914,513</u>	<u>1,229,929</u>
Beginning Cash	80,715	0	271,634	352,349	291,709
Total to Account For	<u>\$ 424,488</u>	<u>\$ 20,500</u>	<u>\$ 821,874</u>	<u>\$ 1,266,862</u>	<u>\$ 1,521,638</u>
General	55,685			55,685	54,472
Public Safety					
Police	117,826			117,826	108,581
Fire	72,885			72,885	14,201
Streets	43,110			43,110	35,670
Sanitation	46,369			46,369	42,298
Recreation					
Parks	465			465	771
Enterprise					
Water & Sewer		0	168,667	168,667	142,335
Interest			38,789	38,789	42,379
Operating	<u>336,340</u>	<u>0</u>	<u>207,456</u>	<u>543,796</u>	<u>440,707</u>
Capital Expend		20,500	63,752	84,252	485,696
Transfers	6,921	0	194,786	201,707	220,526
Note Payments			27,063	27,063	22,311
Total Disbursements	<u>343,261</u>	<u>20,500</u>	<u>493,057</u>	<u>856,818</u>	<u>1,169,240</u>
Cash at End	81,227	0	328,817	410,044	352,398
Total Accounted	<u>\$ 424,488</u>	<u>\$ 20,500</u>	<u>\$ 821,874</u>	<u>\$ 1,266,862</u>	<u>\$ 1,521,638</u>

SEE ACCOMPANYING ACCOUNTANT'S COMPILATION REPORT

TOWN OF DERMA
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
September 30, 2008

<u>NAME</u>	<u>POSITION</u>	<u>SURETY</u>	<u>BOND AMT</u>
Joanna D. Russell	City Clerk Clerk & Water	Western Surety	50,000
Joanna D. Russell	Bill Collector	Western Surety	35,000
Shane Childs	Deputy Clerk	Western Surety	25,000
Shirely W. Herrod	Office Assistant	Western Surety	25,000
Gregory Pollan	Police Officer	Western Surety	25,000
John Harrison	Police Officer	Western Surety	25,000
Keith Thacker	Police Officer	Western Surety	25,000
Phillip Williams	Police Officer	Western Surety	25,000
Charles Jackson	Police Officer	Western Surety	25,000
Dock H. Gabbert	Mayor	Western Surety	25,000
Richard E. Blaycock	Alderman	MS Municipal Plan	3,000
Judy Tedford	Alderman	MS Municipal Plan	3,000
Charles Pulliman	Alderman	MS Municipal Plan	3,000
Charles Bobo	Alderman	MS Municipal Plan	3,000
David Martin	Alderman	MS Municipal Plan	3,000

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**TOWN OF DERMA
SCHEDULE OF LONG-TERM DEBT
YEAR ENDED SEPTEMBER 30, 2008**

DEFINITION & PURPOSE	BALANCE 10/1/2007	TRANSACTION ISSUED	DURING YEAR	BALANCE 9/30/2008
G.O. BONDS				
REVENUE BONDS				
02-07-72, Farmers Home Adm. Water & Sewer	23,539	0	12,668	10,871
10-22-81, Farmers Home Adm, Water & Sewer	88,131	0	11,345	76,786
02-03-04, Rural Development	873,000	0	3,050	869,950
TOTALS	\$ 984,670	\$ -	\$ 27,063	\$ 957,607

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**TOWN OF DERMA
SCHEDULE OF INVESTMENTS
YEAR ENDED SEPTEMBER 30, 2008**

GENERAL FUND TYPES:		
Fire Fund Renasant Bank		
Certificate of Deposit	2.415%	<u>8,160</u>
TOTAL GENERAL FUND TYPES		8,160
ENTERPRISE FUND TYPE		
Water Fund Renasant Bank		
Certificate of Deposit	2.90%	<u>78,835</u>
		<u>78,835</u>
TOTAL INVESTMENTS		<u><u>\$ 86,995</u></u>

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Mayor Dock H. Gabbert
Board of Aldermen
Town of Derma
Derma, MS 38839

I have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Derma, Mississippi, as of September 30, 2008, and for the year then ended, as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Mississippi code, 1972, Annotated. 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 the specified user of the report.

Consequently, I 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.

My procedures and findings are as follows:

1. I 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
Renasant	General	81,227
Renasant	Enterprise	328,716
Regions	Enterprise	101
	Total	<u>\$ 410,044</u>

2. I physically examined securities held for investment. Securities held in trust were confirmed directly with respective trustees. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972).

GENERAL SECURITY	FUND	LEDGER COST
Certificate of Deposit – Renasant	Proprietary	78,835
Certificate of Deposit -- Renasant	General	8,160

3. I 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 Section 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. I 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>PURPOSE</u>	<u>RECEIVING FUND</u>	<u>AMOUNT</u>
Fire Protection	General	\$5,298
General Municipal Aid	General	533
Gasoline Tax	General	2,812
Homestead Exemption	General	6,892
TVA in Lieu of Taxes	General	6,442
Sales Tax	General	57,445
CDBG Grant	Special Revenue	20,500

5. I 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	54
Dollar Value of Sample	\$59,684.33

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

6. I have read the Municipal Compliance Questionnaire completed by the municipality. The following responses to the questionnaire indicate noncompliance with state requirements. (The completed survey indicated no instances of noncompliance with state requirements.)

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's compliance with laws and regulations. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of 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 a matter of public record and its distribution is not limited.

Ronnie S. Windham, CPA
September 10, 2009