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FINANCIAL STATEMENTS

Town of Tremont, Mississippi

For the Year Ended
September 30, 2008

TOWN OF TREMONT, MISSISSIPPI
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**FRANKS,
FRANKS &
JARRELL, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

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OFFICES LOCATED IN

TUPELO, FULTON & AMORY

MEMBERS OF THE

AICPA, MSCPA & PCPS

ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES

Honorable Mayor and Board of Aldermen
Town of Tremont, Mississippi

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Tremont, 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, Miss. Code Ann. (1972). It is understood the report is solely for the use of the governing body of the Town of Tremont, 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>
Trustmark National Bank	General Fund	\$ 8,935
Trustmark National Bank	General Fund	12,620
Trustmark National Bank	General Fund	25
Trustmark National Bank	General Fund	<u>29,729</u>
Total General Fund		<u>\$ 51,309</u>
Trustmark National Bank	Proprietary Fund	\$ 9,643
Trustmark National Bank	Proprietary Fund	<u>26,011</u>
Total Proprietary Fund		<u>\$ 35,654</u>

2. The Town of Tremont did not levy any real or personal property taxes during the fiscal year.
3. We obtained a statement of payments made by the Mississippi 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 with no exceptions. Payments traced were as follows:

<u>Purpose</u>	<u>Receiving Fund</u>	<u>Amount</u>
Sales Tax Allocation	General Fund	\$ 25,230
Gasoline Tax	General Fund	1,074
TVA In Lieu	General Fund	5,208
Municipal Aid	General Fund	203
Fire Protection Allocation	General Fund	2,020

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

The sample consisted of the following:

Number of Sample Items	40
Dollar Value of Sample	\$ 69,304

We found the municipality's purchasing procedures to be in agreement with the requirements of the above mentioned sections except as follows:

We noted three of the forty cash disbursements sampled did not have proper documentation supporting the disbursement. Those disbursements were payments made to an employee for contractual type services, which is in violation of state guidelines. This issue was addressed during the September 30, 2008 year and this has been discontinued.

5. We have read the Municipal Compliance Questionnaire completed by the Town. The following responses to the questionnaire indicate the following noncompliance with state requirements:

The Town is not in compliance with Section 7-7-211 of the Municipal Audit and Accounting Guide, as the fixed assets are not properly accounted for. The Town does not maintain a fixed asset inventory listing, take a fixed asset inventory, or tag fixed assets.

The quarterly report from the State Treasurer's office as of September 30, 2008 did not reflect all accounts of the Town. One bank account of the Town was not reflected on the State Treasurer's report at September 30, 2008. This could result in the Town's deposits not being properly and adequately collateralized by securities or instruments (Sections 27-105-5 and 27-105-6 – Municipal Audit and Accounting Guide).

The Town did not follow the guidance provided in Section 41-29-181 of the Mississippi Code and laws of the State of Mississippi on the sale of a seized vehicle. The Town did not send twenty percent of revenue received on the sale of the vehicle to the State Treasurer's office as ordered by the court.

Because the above procedures do not constitute an audit conducted 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 that the items specified in the proceeding paragraphs 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 Tremont, Mississippi, for the year ended September 30, 2008.

Franks, Franks & Jarrell, P.A.

Franks, Franks & Jarrell, P.A.
July 22, 2009



ACCOUNTANTS' COMPILATION REPORT

**FRANKS,
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Honorable Mayor and Board of Aldermen
Town of Tremont
Tremont, Mississippi

We have compiled the accompanying statement of cash receipts and disbursements - all fund types of the Town of Tremont, Mississippi, for the year ended September 30, 2008, in accordance with Statements on 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 the Town's officials. We have not audited or reviewed the accompanying 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 statements 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.

The Town's management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial 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.

The supplementary information contained on pages 6 through 8 is presented for purposes of additional analysis and has been compiled by us from information that is the representation of the officials of the Town of Tremont, Mississippi, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on such supplementary information.

Franks, Franks & Jarrell, P.A.

Franks, Franks & Jarrell, P. A.
July 22, 2009

OFFICES LOCATED IN

TUPELO, FULTON & AMORY

MEMBERS OF THE

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TOWN OF TREMONT, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ALL FUND TYPES
For the year ended September 30, 2008

	<u>Governmental</u> <u>Funds</u>	<u>Proprietary</u> <u>Fund</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
<u>CASH RECEIPTS</u>			
Franchise Tax on Utilities	\$ 6,927	\$ -	\$ 6,927
Intergovernmental Revenues:			
Sales Tax	25,230	-	25,230
Gasoline Tax	1,074	-	1,074
General Municipal Aid	203	-	203
TVA Tax - State	5,208	-	5,208
Fire Protection	14,490	-	14,490
Charges for Services:			
Water System	-	113,277	113,277
Natural Gas	-	95,352	95,352
Other Receipts:			
Interest Income	929	-	929
Other Income	13,746	-	13,746
Total Cash Receipts	<u>67,807</u>	<u>208,629</u>	<u>276,436</u>
Cash Balance - Beginning of Year	<u>43,601</u>	<u>40,915</u>	<u>84,516</u>
TOTAL AMOUNT TO ACCOUNT FOR	<u>\$ 111,408</u>	<u>\$ 249,544</u>	<u>\$ 360,952</u>
<u>CASH OPERATING DISBURSEMENTS</u>			
General Administration and Finance	\$ 37,536	\$ -	\$ 37,536
Public Safety: Police	5,529	-	5,529
Culture and Recreation: Park	290	-	290
Enterprise: Water	-	92,015	92,015
Enterprise: Gas	-	67,088	67,088
Total Cash Operating Disbursements	<u>43,355</u>	<u>159,103</u>	<u>202,458</u>
Other Disbursements:			
Loans Repaid:			
Farmer's Home Administration:			
Principal	-	14,179	14,179
Interest	-	43,882	43,882
Capital Outlay	13,470	-	13,470
Transfers	3,274	(3,274)	0
Total Other Cash Disbursements	<u>16,744</u>	<u>54,787</u>	<u>71,531</u>
Total Cash Disbursements	<u>60,099</u>	<u>213,890</u>	<u>273,989</u>
Cash Balance - End of Year	<u>51,309</u>	<u>35,654</u>	<u>86,963</u>
TOTAL AMOUNT ACCOUNTED FOR	<u>\$ 111,408</u>	<u>\$ 249,544</u>	<u>\$ 360,952</u>

See accompanying selected information and accountants' compilation report

Town of Tremont, Mississippi
SELECTED INFORMATION-Substantially all disclosures required
by generally accepted accounting principles are not included
September 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

The Town operates under the mayor/board of aldermen form of government and provides services as authorized by law.

Reporting Entity

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

Fund Accounting

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity.

Basis of Accounting

The financial statement has been prepared on the cash receipts and disbursements basis, as prescribed by the Office of the State Auditor. Consequently, certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation 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 - LONG-TERM DEBT

The annual requirements to amortize all debt outstanding as of September 30, 2008, including interest payments of \$445,449 are as follows:

<u>Fiscal Year Ended</u> <u>September 30,</u>	<u>USDA Rural</u> <u>Development</u>	<u>Interest</u>	<u>Total</u>
2009	21,071	31,282	52,353
2010	22,146	30,207	52,353
2011	22,176	29,086	51,262
2012	22,728	28,040	50,768
2013	17,970	26,889	44,859
2014-2018	91,678	121,485	213,163
2019-2023	117,531	95,632	213,163
2024-2028	150,657	62,506	213,163
2029-2033	159,628	18,400	178,028
2034-2038	<u>26,876</u>	<u>1,922</u>	<u>28,798</u>
	<u>\$ 652,461</u>	<u>\$ 445,449</u>	<u>\$ 1,097,910</u>

The Town does not maintain any debt service funds to service the above notes.

TOWN OF TREMONT, MISSISSIPPI
SCHEDULE OF INVESTMENTS
September 30, 2008

GOVERNMENTAL FUND TYPES

General Fund - Certificate of Deposit	\$ <u>29,729</u>
Total Governmental Fund Types	\$ <u><u>29,729</u></u>

PROPRIETARY FUND TYPES

Certificate of Deposit	\$ <u>0</u>
Total Proprietary Fund Types	\$ <u><u>0</u></u>

See accountants' compilation report.

TOWN OF TREMONT, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
September 30, 2008

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Glyn Robinson	Mayor	Scott Municipal Insurance	\$ 25,000
Windy Abbott	City Clerk	Fulton Insurance	\$ 50,000
Steve Thrasher	Policeman	Fulton Insurance	\$ 50,000
Ricky Roberts	Water Department Supervisor	Fulton Insurance	\$ 20,000
Gary Mabus	Alderman	Scott Municipal Insurance	\$ 5,000
James Cox	Alderman	Scott Municipal Insurance	\$ 5,000
Pamela Dines	Alderman	Scott Municipal Insurance	\$ 5,000
Frankie Keeton	Alderman	Scott Municipal Insurance	\$ 5,000
Everett Cody	Alderman	Scott Municipal Insurance	\$ 5,000

See accountants' compilation report.

TOWN OF TREMONT, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
For the year ended September 30, 2008

<u>DEFINITION AND PURPOSE</u>	<u>BALANCE OUTSTANDING September 30, 2007</u>	<u>TRANSACTIONS DURING FISCAL YEAR REDEEMED</u>	<u>TRANSACTIONS DURING FISCAL YEAR ISSUED</u>	<u>BALANCE OUTSTANDING September 30, 2008</u>
Notes Payable:				
Farmer's Home Administration	\$ 37,563	\$ 6,404	\$ -	\$ 31,159
Farmer's Home Administration	5,383	5,383	-	-
Farmer's Home Administration	4,979	1,562	-	3,417
Farmer's Home Administration	44,717	830	-	43,887
Farmer's Home Administration	<u>573,998</u>	<u>-</u>	<u>-</u>	<u>573,998</u>
TOTAL	\$ <u><u>666,640</u></u>	\$ <u><u>14,179</u></u>	\$ <u><u>0</u></u>	\$ <u><u>652,461</u></u>

See accountants' compilation report.