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TOWN OF DEKALB, MISSISSIPPI
Compiled Financial Statements
Year Ended September 30, 2009

TOWN OF DEKALB, MISSISSIPPI
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September 30, 2009

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Accountants' Compilation Report

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, Mississippi for the year ended September 30, 2009 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statement has 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 information that is the representation of town officials. We have not audited or reviewed the accompanying financial statement, and accordingly, do not express and opinion or any other form of assurance on them.

The Town of Dekalb 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, the might influence the user's conclusions about the Town's net assets, activities, and changes in fund balances. Accordingly these financial statements are not designed for those who are not informed about such matters.

Philadelphia, Mississippi
September 29, 2010

Watkins Ward and Stafford PLLC

Financial Statement

TOWN OF DEKALB, MISSISSIPPI
Statement of Cash Receipts and Disbursements -
Governmental and Business-type Activities
For the Fiscal Year Ended September 30, 2009

	Governmental Activities			Business-type Activities	
	General Fund	Other Nonmajor Funds	Total	Water Fund	Total
RECEIPTS:					
Taxes					
General property taxes	\$ 204,621		\$ 204,621	\$	\$
Licenses and Permits					
Utility franchise charges	55,783		55,783		
Intergovernmental receipts					
Federal receipts					
ARC		101,678	101,678		
State Grants					
General municipal aid	452		452		
Mississippi Development Authority		150,000	150,000		
State shared receipts					
Public Utilities	6,118		6,118		
Fire Protection	5,136		5,136		
Liquor tax	1,800		1,800		
Sales tax	263,399		263,399		
Gasoline tax	2,672		2,672		
Charges for services					
Garbage	41,573		41,573		
Water and sewer				294,497	294,497
Other Receipts					
Fines and forfeits	24,369		24,369		
Interest	12,309	33	12,342	6,927	6,927
Donations	2,536		2,536		
Interfund transfer in	11,737	91,943	103,680		
Rent income	7,347		7,347		
Miscellaneous	1,113		1,113		
Total Receipts	\$ 640,965	343,654	\$ 984,619	\$ 301,424	\$ 301,424

See accountants' compilation report and notes to financial statement.

TOWN OF DEKALB, MISSISSIPPI
Statement of Cash Receipts and Disbursements -
Governmental and Business-type Activities-continued
For the Fiscal Year Ended September 30, 2009

	Governmental Activities			Business-type Activities	
	General Fund	Other Nonmajor Funds	Total	Water Fund	Total
DISBURSEMENTS:					
General government	\$ 124,519	\$	\$ 124,519	\$	\$
Public Safety					
Police	313,729		313,729		
Fire	36,112		36,112		
Street	89,679		89,679		
Sanitation	45,172		45,172		
Recreation	6,000		6,000		
Conservation, urban, and economic development	37,000		37,000		
Enterprise					
Water and Sewer				339,715	339,715
Other					
Interfund transfer out	90,848	11,737	102,585	1,095	1,095
Principal payments	7,660		7,660		
Interest payments	7,159		7,159		
Capital outlay		240,848	240,848	602	602
Capital outlay-ARC		128,035	128,035		
Total Disbursements	<u>\$ 757,878</u>	<u>\$ 380,620</u>	<u>\$ 1,138,498</u>	<u>\$ 341,412</u>	<u>\$ 341,412</u>
Excess of Receipts Over (Under) Disbursements	\$ (116,913)	\$ (36,966)	\$ (153,879)	\$ (39,988)	\$ (39,988)
Cash basis Fund Balance-Beginning	<u>\$ 497,974</u>	<u>\$ 36,966</u>	<u>\$ 534,940</u>	<u>\$ 297,580</u>	<u>\$ 297,580</u>
Cash Basis Fund Balance-Ending	<u>\$ 381,061</u>	<u>\$ -</u>	<u>\$ 381,061</u>	<u>\$ 257,592</u>	<u>\$ 257,592</u>

See accountants' compilation report and notes to financial statement.

TOWN OF DEKALB, MISSISSIPPI
Notes to Financial Statement
Year Ended September 30, 2009

Note A: Summary of Significant Accounting Policies

Reporting Entity

The financial statement of the Town consists of the General Fund, Capital Projects Fund and an Enterprise Fund.

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, there are no component units.

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:

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.

TOWN OF DEKALB, MISSISSIPPI
Notes to Financial Statement (Continued)
Year Ended September 30, 2009

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Business-Type 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 Business-Type Fund is 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.

Supplemental Information

TOWN OF DEKALB, MISSISSIPPI
Schedule of Long-Term Debt
For the Fiscal Year Ended September 30, 2009

<u>Issue Date</u>	<u>Definition and Purpose</u>	<u>Balance Outstanding 10/01/08</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance Outstanding 09/30/09</u>
12/13/07	Commercial Bank AL&S Building & renovation	\$ 102,667		7,660	\$ 95,007
	TOTAL	<u>\$ 102,667</u>	<u> </u>	<u>7,660</u>	<u>\$ 95,007</u>

WATKINS, WARD AND STAFFORD, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

See Accountants' Compilation Report.

TOWN OF DEKALB, MISSISSIPPI
Schedule of Surety Bonds for Town Officials
Year Ended September 30, 2009

Name	Position	Company	Bond
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

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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 applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Dekalb, Mississippi, as of September 30, 2009, 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 Dekalb, 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 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	\$ 116,061
Citizens Bank	General-Certificate of Deposit	265,000
Commercial Bank	Enterprise-Checking Account	36,254
Citizens Bank	Enterprise-Certificate of Deposit	221,338
Commercial Bank	Fiduciary-Checking Account	2,731

2. The Town of Dekalb, Mississippi has no investments. Certificates of Deposit are included in 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. Verified 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 compliance 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	\$ 7,829
Gasoline Tax	General Fund	2,672
Homestead Exemption	General Fund	19,344
Liquor Privilege	General Fund	1,800
Fire Protection	General Fund	5,136
Sales Tax Allocation	General Fund	263,400
General Municipal Aid	General Fund	507
Grants	General Fund	1,127
Public Safety	General Fund	6,118
In Lieu of Taxes	General Fund	13,431
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	12
Total Dollar Value of Sample	\$ 354,016

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.

Because the above procedures do not constitute an audit 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 procedures referred to above, no matters came to our attention that caused us to believe the items specified above 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 statement of the Town of Dekalb, Mississippi, for the year ended September 30, 2009.

Philadelphia, Mississippi
September 28, 2010

