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**TOWN OF DERMA, MISSISSIPPI**  
**COMPILATION &**  
**AGREED UPON PROCEDURES REPORT**  
**OCTOBER 1, 2008—SEPTEMBER 30, 2009**

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## ACCOUNTANT'S COMPILATION REPORT

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

We 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, 2009, 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. We 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 us from information that is the representation of management of the Town of Derma, Mississippi without audit or review. Accordingly, we do not express an opinion or any other form of assurance on such supplementary information.

Ronnie S. Windham CPA

September 28, 2010

**TOWN OF DERMA**  
**COMBINED STATEMENT OF CASH RECEIPTS & DISBURSEMENTS**  
**(ALL FUNDS)-CASH BASIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Governmental Fund Type		Proprietary Fund Type	Totals (Memorandum Only)	
	GENERAL	CAPITAL PROJECTS	WATER & SEWER	2008-2009	2007-2008
<b>CASH RECEIPTS</b>					
<b>Taxes</b>					
General Property	78,077			78,077	80,537
Federal Grants	0	182,559	6	182,565	138,150
<b>Licenses &amp; Permits</b>					
Utility Franchise Tax	15,796			15,796	14,531
Licenses	1,008			1,008	803
<b>Intergovernmental Receipts</b>					
Grants	154,654			154,654	
<b>State Shared</b>					
Sales tax	53,452			53,452	57,445
Fire Protection	7,006			7,006	8,298
Municipal Aid	3,346			3,346	0
Fines and Forfeits	37,711			37,711	48,104
Misc Income	13,766		2,841	16,607	18,577
<b>Enterprise Operations</b>					
Water & Sewer Rev			264,844	264,844	284,798
Sanitation			54,882	54,882	52,999
Interest	432		2,787	3,219	8,562
Loan proceeds			7,294	7,294	0
Transfers	58,783		125,375	184,158	201,709
	424,031	182,559	458,029	1,064,619	914,513
Beginning Cash	81,227	0	328,817	410,044	352,349
Total to Account For	\$ 505,258	\$ 182,559	\$ 786,846	\$ 1,474,663	\$ 1,266,862
<b>CASH DISBURSEMENTS</b>					
<b>General</b>	215,970	18,100		234,070	55,685
<b>Public Safety</b>					
Police	109,205			109,205	117,826
Fire	19,429			19,429	72,885
Streets	43,300			43,300	43,110
<b>Recreation</b>					
Parks	538			538	465
<b>Enterprise</b>					
Water & Sewer			223,207	223,206	168,667
Sanitation	50,025			50,025	46,369
Interest			20,372	20,372	38,789
Operating	438,467	18,100	243,579	700,145	543,796
<b>Capital Expend</b>		164,459	7,010	171,469	84,252
Transfers			125,868	125,868	201,707
Note Payments			61,242	61,242	27,063
Total Disbursements	438,467	182,559	437,699	1,058,724	856,818
Cash at End	66,792		349,147	415,939	410,044
Total Accounted	\$ 505,259	\$ 182,559	\$ 786,846	\$ 1,474,663	\$ 1,266,862

SEE ACCOMPANYING ACCOUNTANT'S COMPILATION REPORT

**TOWN OF DERMA**  
**SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS**  
**September 30, 2009**

<u>NAME</u>	<u>POSITION</u>	<u>SURETY</u>	<u>BOND AMT</u>
Joanna D. Russell	City Clerk	Western Surety	50,000
	Clerk & Water		
Joanna D. Russell	Bill Collector	Western Surety	50,000
Shane Childs	Deputy Clerk	Western Surety	25,000
Shirley W. Herrod	Office Assistant	Western Surety	50,000
Gregory Pollan	Police Officer	Western Surety	25,000
John Harrison	Police Officer	Western Surety	50,000
Keith Thacker	Police Officer	Western Surety	25,000
Charles Jackson	Police Officer	Western Surety	50,000
Dock H. Gabbert	Mayor	Western Surety	25,000
Richard E. Blaycock	Alderman	MS Municipal Plan	10,000
Judy Tedford	Alderman	MS Municipal Plan	10,000
Charles Pulliman	Alderman	MS Municipal Plan	10,000
Charles Bobo	Alderman	MS Municipal Plan	10,000
David Martin	Alderman	MS Municipal Plan	10,000

**TOWN OF DERMA**  
**SCHEDULE OF LONG-TERM DEBT**  
**YEAR ENDED SEPTEMBER 30, 2009**

<u>DEFINITION &amp; PURPOSE</u>	<u>BALANCE</u> <u>10/1/2008</u>	<u>TRANSACTION</u> <u>ISSUED</u>	<u>DURING</u> <u>YEAR</u>	<u>BALANCE</u> <u>9/30/2009</u>
<b>G.O. BONDS</b>				
<b>REVENUE BONDS</b>				
02-07-72, Farmers Home Adm. Water & Sewer	10,871	0	10,871	0
10-22-81, Farmers Home Adm, Water & Sewer	76,786	0	13,868	62,918
02-03-04, Rural Development	869,950	0	34,145	835,805
Renasant Bank Tractor	0	15,122	2,358	12,764
<b>TOTALS</b>	<b>\$ 957,607</b>	<b>\$ 15,122</b>	<b>\$ 61,242</b>	<b>\$ 911,487</b>

SEE ACCOMPANYING ACCOUNTANT'S COMPILATION REPORT

**TOWN OF DERMA  
SCHEDULE OF INVESTMENTS  
YEAR ENDED SEPTEMBER 30, 2009**

GENERAL FUND TYPES:		
Fire Fund Renasant Bank		
Certificate of Deposit	0.740%	<u>16,466</u>
TOTAL GENERAL FUND TYPES		16,466
ENTERPRISE FUND TYPE		
Water Fund Renasant Bank		
Certificate of Deposit	1.18%	<u>81,116</u>
		<u>81,116</u>
TOTAL INVESTMENTS		<u><u>\$ 97,582</u></u>

SEE ACCOMPANYING ACCOUNTANT'S COMPILATION REPORT



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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

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Derma, 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, 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, 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.

My 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:

BANK	FUND	BALANCE
Renasant	General	50,326
Renasant	Enterprise	268,031
	Total	\$ 318,357

2. We 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	81,116
Certificate of Deposit -- Renasant	General	16,466

**TOWN OF DERMA  
SCHEDULE OF RECONCILIATION OF ORIGINAL AD VALOREM  
TAX ROLLS TO FUND COLLECTIONS  
YEAR ENDED SEPTEMBER 30, 2009**

	<u>Assessed Value</u>	<u>Millage Rate</u>	<u>Tax</u>
Realty	\$2,357,626	0.0245	\$57,761.84
Personal - other than auto	104,494	0.0245	\$2,560.10
Public utilities	46,448	0.0245	\$1,137.98
Personal - auto (remitted by County)	<u>680,271</u>	0.0245	<u>\$16,666.64</u>
			\$78,126.56
Total			
			(13,593)
County tax collector's commission-auto			(794)
			7,306
Prior year tax collections			2,881
Penalties and interest on delinquent taxes			<u>2,098</u>
			<u>\$76,024</u>

	<u>Taxes Penalties, and Interest</u>	<u>Homestead Reimbursement</u>	<u>Total</u>
General Fund	24,393	2,441	26,834
General Improvements	2,712	310	3,022
Public Works	13,904	1,591	15,494
Public Safety	18,056	2,066	20,122
Water I&S	1,349	158	1,507
Fire Fund	<u>6,306</u>	<u>740</u>	<u>7,047</u>
Total	66,719	7,306	74,025

Unpaid taxes	1,157
Unaccounted for - under settled	<u>842</u>
Total accounted for	<u>\$76,024</u>

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 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. 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>PURPOSE</u>	<u>RECEIVING FUND</u>	<u>AMOUNT</u>
Fire Protection	General	\$5,406
General Municipal Aid	General	533
Gasoline Tax	General	2,812
Homestead Exemption	General	7,306
TVA in Lieu of Taxes	General	6,148
Sales Tax	General	49,800
MS Development Authority	Special Revenue	184,156
Transportation	General	154,654

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:

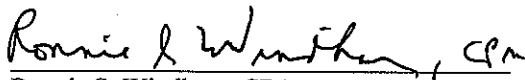
Number of Sample Items	60
Dollar Value of Sample	\$88,767.33

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 municipality. The following responses to the questionnaire indicate noncompliance with state requirements. (The completed survey indicated no instances of noncompliance with state requirements.)

We were 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, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our 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 28, 2010