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EDMONDSON & BURCHFIELD, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

217 NORTH PEARMAN AVENUE • P. O. BOX 238
CLEVELAND, MISSISSIPPI 38732

Phone (662) 846-6631 • Fax (662) 846-6632

CARLTON W. EDMONDSON, JR., CPA
R. ALLEN BURCHFIELD, CPA

WILLIAM P. NEAL, CPA
FOUNDER (1921 - 1995)
C. ROBERT NEAL, CPA
FOUNDER (1949 - 1998)

AMERICAN INSTITUTE OF
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To the Board of Aldermen and Mayor
Town of Renova
Renova, Mississippi

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Renova, Mississippi, for the year ended September 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Renova's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the government's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of the financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, we identified the following deficiencies in internal control that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control. We believe that the following deficiencies constitute material weaknesses:

- Management did not prepare the financial statements and related notes. Internal control over financial reporting is generally enhanced when the financial statements and related

statements and related notes prepared by the auditors subject management's review and approval.

- The Town of Renova's administrative staff is too small to provide for the segregation of normally incompatible financial functions. The most effective internal control should provide for adequate segregation of financial duties and internal review of financial statements and reports. The chances of errors or fraud may occur in amounts that would be material in relation to the financial statements are increased by this condition.
- The Town maintains its financial records on the cash basis of accounting, as this basis more closely matches the accounting required for reporting on compliance with the Town's approved budget. However, for financial reporting purposes, the Town is required to convert its cash basis financial records to the accrual basis of accounting. As part of the conversion to the accrual basis, adjustments must be made for depreciation expense, changes in receivables and payables, reclassification of debt service expenditures, recognition of deferred tax revenues, and other matters. These adjustments are frequently significant and materially change the information reported in the financial statements from those recorded in the general ledger.

This communication is intended solely for the information and use of management, the Board of Directors, others within the organization, and grantor agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Edmondson & Buntfield, P.C.

Cleveland, Mississippi
August 26, 2010

EDMONDSON & BURCHFIELD, PLLC

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August 26, 2010

To the Board of Aldermen
Town of Renova

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Renova for the year ended September 30, 2009, and have issued our report thereon dated August 26, 2010. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U S Generally Accepted Auditing Standards

As stated in our engagement letter dated October 28, 2009, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U S generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered Town of Renova's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Town of Renova. are described on Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2009. We noted no transactions entered into by the government during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility the future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Governmental Activities and Major Governmental Funds:

The estimate of the allowance for property taxes that will not be collected.

Business-type Activities and Major Proprietary Funds:

The estimate of the allowance for water bills that will not be collected and the estimate of the useful lives of long-term fixed assets for calculation of depreciation expense for the water fund.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

1. Recording depreciation expense in the water fund.
2. Recording the cash basis to accrual basis adjustments.
3. Reclassifying debt service payments from expenditures to liability reductions.
4. Recording transactions related to the CDBG grant.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 26, 2010.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to

determine that the consultant has the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We have communicated certain findings related to deficiencies in internal control in our letter to you and management dated August 26, 2010.

We also noted other matters involving internal controls we want to bring to your attention, which are described below.

We encourage you to improve the documentation supporting individual expenditures. This could include increasing the use of purchase orders to provide additional assurance that purchases have been properly approved. We also believe that the documentation related to services provided to the Town should be more detailed, especially in the area of repair services billed to the Water Department.

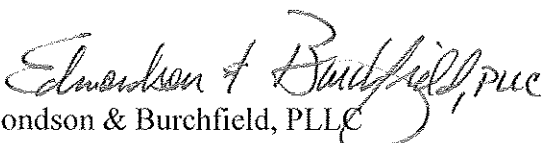
The Town incurred approximately \$48,000 in repair expenditures in the Water Department in this fiscal year. The bulk of these payments were to two vendors. While each expenditure was supported by documentation from those vendors, there is no record of prior approval of the work performed, or that a Town official reviewed the work after it was completed.

We also noted that the water loss percentage for the fiscal year was approximately 25%. We believe that a loss percentage of 10-15% would be closer to what would be considered normal. We encourage you to review this situation and take measures to lower the loss percentages.

We also encourage, within the limitations of the available staffing, to make bank deposits on a more frequent basis. We believe control would be enhanced if less time elapsed between cash collections and deposits.

This information is intended solely for the use of the Board of Aldermen and management of Town of Renova, and is not intended and should not be used by anyone other than these specified parties.

Sincerely,


Edmondson & Burchfield, PLLC

TOWN OF RENOVA, MISSISSIPPI

Financial Statements

For the Fiscal Year Ended September 30, 2009

TOWN OF RENOVA, MISSISSIPPI
Financial Statements
For the Fiscal Year Ended September 30, 2009

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business – type activities, and each major fund of the Town of Renova, Mississippi as of and for the year ended September 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Renova, Mississippi's management. Our responsibility is to express an opinion on these financial statements based on our audit.

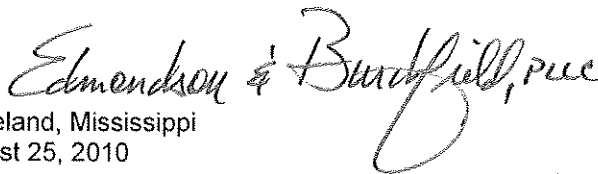
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Renova, Mississippi, as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison information on pages 20-22, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Town of Renova, Mississippi has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Town of Renova, Mississippi's basic financial statements. The financial information listed as supplemental information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Town of Renova, Mississippi. This information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.



Cleveland, Mississippi
August 25, 2010

Town of Renova, Mississippi
Statement of Net Assets
September 30, 2009

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and cash equivalents	\$ 57,176.72	\$ 24,340.96	\$ 81,517.68
Investments			
Restricted	-	11,000.00	11,000.00
Other	-	24,888.03	24,888.03
Receivables(net)	91,924.25	16,314.14	108,238.39
Due from other funds	-	-	-
Capital assets			
Land	44,000.00		44,000.00
Other capital assets, net of depreciation	2,626.92	1,081,761.71	1,084,388.63
Total assets	\$ 195,727.89	\$ 1,158,304.84	\$ 1,354,032.73
Liabilities			
Accounts payable and accrued expenses	2,142.98	9,233.20	11,376.18
Accrued interest payable	-	338.16	338.16
Customer deposits	-	4,275.00	4,275.00
Deferred revenue	74,190.00	-	74,190.00
Due to other funds	-	-	-
Long-term liabilities			
Due within one year	-	4,448.88	4,448.88
Due in more than one year	-	61,267.39	61,267.39
Total liabilities	76,332.98	79,562.63	155,895.61
Net assets			
Invested in capital assets, net of related debt	46,626.92	1,016,045.44	1,062,672.36
Restricted for:			
Fire protection	7,678.86	-	7,678.86
Revenue bond retirement	-	11,000.00	11,000.00
Unrestricted	65,089.13	51,696.77	116,785.90
Total net assets	\$ 119,394.91	\$ 1,078,742.21	\$ 1,198,137.12

The accompanying notes are an integral part of the financial statements.

**Town of Renova, Mississippi
Statement of Activities
For the Year Ended September 30, 2009**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 129,415.29	\$ 2,660.16	\$ -	\$ -	\$ (126,755.13)	\$ -	\$ (126,755.13)
Public safety	3,292.02	-	-	-	(3,292.02)	-	(3,292.02)
Public works	26,145.16	-	-	-	(26,145.16)	-	(26,145.16)
Culture and recreation	2,265.00	-	-	-	(2,265.00)	-	(2,265.00)
Total governmental activities	161,117.47	2,660.16	-	-	(158,457.31)	-	(158,457.31)
Business-type activities:							
Water & sewer	238,611.18	180,441.32	-	124,817.60	-	66,647.74	66,647.74
Total business-type activities	238,611.18	180,441.32	-	124,817.60	-	66,647.74	66,647.74
Total primary government	\$ 399,728.65	\$ 183,101.48	\$ -	\$ 124,817.60	(158,457.31)	66,647.74	(91,809.57)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					73,162.54	-	73,162.54
Franchise taxes					16,163.91	-	16,163.91
Intergovernmental revenues					41,895.39	-	41,895.39
Interest					289.93	840.37	1,130.30
Transfers					(1,688.40)	1,688.40	-
Miscellaneous					463.25	-	463.25
Total general revenues and transfers					130,286.62	2,528.77	132,815.39
Change in net assets					(28,170.69)	69,176.51	41,005.82
Net assets-beginning					147,565.60	1,009,565.70	1,157,131.30
Net assets-ending					\$ 119,394.91	\$ 1,078,742.21	\$ 1,198,137.12

The accompanying notes are an integral part of the financial statements.

Town of Renova, Mississippi
Balance Sheet
Governmental Funds
September 30, 2009

	General	Special Revenue	Total Governmental Funds
Assets			
Cash and other deposits	\$ 49,497.86	\$ 7,678.86	\$ 57,176.72
Receivables			
Taxes	93,344.12	-	93,344.12
Allowance for uncollectibles	(9,746.37)	-	(9,746.37)
Franchise Fees	3,053.89	-	3,053.89
Intergovernmental	5,272.61	-	5,272.61
	<u>\$ 141,422.11</u>	<u>\$ 7,678.86</u>	<u>\$ 149,100.97</u>
Total assets			
	General	Special Revenue	Total Governmental Funds
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 2,142.98		\$ 2,142.98
Deferred revenue	82,931.03	-	82,931.03
	<u>85,074.01</u>	<u>-</u>	<u>85,074.01</u>
Total liabilities			
Fund balance			
Unreserved, undesignated	56,348.10	7,678.86	64,026.96
	<u>56,348.10</u>	<u>7,678.86</u>	<u>64,026.96</u>
Total equity and other credits			
Total liabilities, equity, and other credits	<u>\$ 141,422.11</u>	<u>\$ 7,678.86</u>	
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds			46,626.92
Deferred revenues are recognized in the funds when they are considered measureable and available under the modified accrual basis			8,741.03
Net assets of governmental activities			<u>\$ 119,394.91</u>

The accompanying notes are an integral part of the financial statements.

Town of Renova, Mississippi
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2009

	General	Special Revenue	Total Governmental Funds
Revenues:			
Taxes	\$ 73,202.24	\$ -	\$ 73,202.24
Licenses and permits	18,824.07	-	18,824.07
Intergovernmental	41,895.39	-	41,895.39
Interest earned	263.90	26.03	289.93
Miscellaneous	463.25	-	463.25
Total revenues	<u>134,648.85</u>	<u>26.03</u>	<u>134,674.88</u>
Expenditures:			
Current:			
General government	130,170.71	-	130,170.71
Public safety	3,292.02	-	3,292.02
Recreation	2,265.00	-	2,265.00
Public works	26,145.16	-	26,145.16
Other	-	-	-
Total expenditures	<u>161,872.89</u>	<u>-</u>	<u>161,872.89</u>
Excess(deficiency) of revenues over(under) expenditures	<u>(27,224.04)</u>	<u>26.03</u>	<u>(27,198.01)</u>
Other financing sources (uses)			
Operating transfers out	<u>(1,688.40)</u>	<u>-</u>	<u>(1,688.40)</u>
Total other financing sources (uses)	<u>(1,688.40)</u>	<u>-</u>	<u>(1,688.40)</u>
Net change in fund balances	(28,912.44)	26.03	(28,886.41)
Fund balance, October 1	<u>85,260.54</u>	<u>7,652.83</u>	<u>92,913.37</u>
Fund balance, September 30	<u>\$ 56,348.10</u>	<u>\$ 7,678.86</u>	<u>\$ 64,026.96</u>

The accompanying notes are an integral part of the financial statements.

Town of Renova, Mississippi
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended September 30, 2009

Net changes in fund balances - total governmental funds \$ (28,886.41)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays (\$1,744) exceeded depreciation (\$988.58) in the current period.

755.42

Revenues recorded on the governmental funds statements under the modified accrual basis when they are considered measureable and available. Revenues are recorded on the accrual basis in the government wide statements when they are earned regardless of when they are collected.

(39.70)

Change in net assets of governmental activities

\$ (28,170.69)

The accompanying notes are an integral part of the financial statements.

Town of Renova, Mississippi
Statement of Net Assets
Proprietary Fund
September 30, 2009

	<u>Water and Sewer Enterprise Fund</u>
Assets	
Current assets:	
Cash and other deposits	\$ 24,340.96
Investments	24,888.03
Restricted investments	11,000.00
Receivables, net	15,746.91
Other receivables	567.23
Total current assets	<u>76,543.13</u>
Noncurrent assets:	
Capital assets	
Property and equipment	1,881,200.01
Less accumulated depreciation	<u>(799,438.30)</u>
Total noncurrent assets	1,081,761.71
Total assets	<u>\$ 1,158,304.84</u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 9,233.20
Interest payable	338.16
Customer deposits	4,275.00
Bonds payable	4,448.88
Total current liabilities	<u>18,295.24</u>
Noncurrent liabilities:	
Bonds payable	<u>61,267.39</u>
Total noncurrent liabilities	<u>61,267.39</u>
Total liabilities	<u>79,562.63</u>
Net assets	
Invested in capital assets, net of related debt	1,016,045.44
Restricted for revenue bond retirement	11,000.00
Unrestricted	51,696.77
Total net assets	<u>\$ 1,078,742.21</u>

The accompanying notes are an integral part of the financial statements.

Town of Renova, Mississippi
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
For the Fiscal Year Ended September 30, 2009

	<u>Water and Sewer Enterprise Fund</u>
Operating revenues:	
Charges for sales and services	\$ 180,441.32
Operating expenses:	
Personal services	34,084.20
Supplies	8,061.92
Other services and charges	140,493.45
Depreciation	51,149.76
Total operating expense	<u>233,789.33</u>
Operating income (loss)	(53,348.01)
Non-operating revenues (expenses)	
Interest revenue	840.37
Interest expense	(4,821.85)
Total non-operating revenues (expenses)	<u>(3,981.48)</u>
Net income (loss) before contributions and transfers	(57,329.49)
Capital contributions	124,817.60
Transfers in	1,688.40
Change in net assets	69,176.51
Total net assets, October 1	<u>1,009,565.70</u>
Total net assets, September 30	<u><u>\$ 1,078,742.21</u></u>

The accompanying notes are an integral part of the financial statements.

Town of Renova, Mississippi
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended September 30, 2009

	<u>Water and Sewer Enterprise Fund</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 175,993.25
Payments to suppliers	(150,250.88)
Payments to employees	(33,394.20)
Net cash provided by operating activities	<u>\$ (7,651.83)</u>
Cash Flows from Noncapital Financing Activities:	
Operating transfers	<u>1,688.40</u>
Cash Flows from Capital and Related Financing Activities:	
Repayments of debt	(4,144.82)
Capital Grant proceeds	217,467.60
Purchase of fixed assets	(217,468.20)
Interest paid on long-term debt	(4,843.18)
Net Cash Used for Capital and Related Financing Activities	<u>(8,988.60)</u>
Cash Flows from Investing Activities	
Purchase of certificate of deposit	(707.42)
Interest earned on operating funds	840.37
Net Cash Provided (Used) by Investing Activities	<u>132.95</u>
Net increase (decrease) in Cash and Cash Equivalents	(14,819.08)
Cash and Cash Equivalents, October 1	<u>39,160.04</u>
Cash and Cash Equivalents, September 30	<u><u>\$ 24,340.96</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (53,348.01)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	51,149.76
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(5,351.36)
(Increase) decrease in other receivables	92,865.67
Increase (decrease) in accounts payable	(93,477.89)
Increase (decrease) in water deposits	510.00
Net Cash Provided by Operating Activities	<u><u>\$ (7,651.83)</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF RENOVA, MISSISSIPPI
Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

The Town of Renova, Mississippi is incorporated under the laws of the State of Mississippi and operates under a Code Charter form of government. The Town's major operations include public works and general administration services. In addition, the Town owns and operates a water system.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities, the Town has chosen not to do so. The more significant accounting policies established in GAAP and used by the Town are discussed below.

Reporting Entity

The accompanying financial statements present the activities of the Town of Renova (the Town). The Town has no component units for which it is financially accountable.

Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the Town). These statements include the financial activities of the government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Fiduciary funds are not included in these statements.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function, and therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category-governmental and proprietary-are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Principal operating expenses are the costs of providing services and include administrative expenses and depreciation of capital assets. Other expenses are classified as non-operating in the financial statements.

TOWN OF RENOVA, MISSISSIPPI
Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

The Town reports the following major governmental funds:

General Fund – This is the Town’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted for specific expenditure purposes.

The Town reports the following major enterprise fund:

Water & Sewer Enterprise Fund – This fund accounts for the operation and maintenance of the Town’s water and sewer system.

Measurement Focus and Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, including property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Assets, Liabilities, and Net Assets

Deposits and Investments

The Town is allowed, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America or the state of Mississippi, or of any county or municipality of this state, when such county or municipal bonds have been properly approved; or in interest-bearing accounts with any financial institution approved for the deposit of state funds; or in any type of investment permitted by state laws. The Town has no additional formally adopted deposit or investment policies.

TOWN OF RENOVA, MISSISSIPPI
Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

For accounting purposes, certificates of deposit and interest-bearing accounts are classified as cash and other deposits. These certificates are considered nonparticipating investment contracts and are carried at cost.

Cash and Cash Equivalents

The Town deposits excess funds in financial institutions selected by the board. State statutes specify how these depositories are to be selected.

Cash consists of amounts on deposit in demand accounts and savings accounts. Cash and other deposits are valued at cost.

Various restrictions on these deposits are imposed by state statutes. These restrictions are summarized as follows:

All deposits with financial institutions must be collateralized in an amount at least equal to 105% of the amount not insured by any successors to such insurance corporations.

For the purposes of the statement of cash flows, the Town considers certificates of deposit to be cash equivalents if they have a maturity of three months or less when acquired.

Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property Tax Calendar

Property taxes attach an enforceable lien on the property as of January 1. Taxes are levied as of January 1 and payable on or before February 1. The Town bills and collects its own property taxes except for the personal auto taxes that are collected and remitted to the Town by the Bolivar County Tax Collector. The millage rate for the Town for 2008 taxes was 27 mills. The entire millage was allocated to the general fund. The distribution of taxes to funds was in accordance with prescribed tax levies, and uncollected taxes were properly handled.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2003 are not reported in the financial statements since the Town has adopted the option not to record these assets per the provisions of GASB Statement 34. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Capital assets are depreciated using the straight line method over the following useful estimated lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Building improvements	20
Office Equipment	5
Other Equipment	5
Water & Sewer System	20-40

TOWN OF RENOVA, MISSISSIPPI
Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Budgets

Budgets are adopted on a basis consistent with the cash basis of accounting. Annual appropriated budgets are adopted for the general, special revenue and proprietary funds. All annual appropriations lapse at fiscal year end. The Mississippi Code Ann. (1972) prescribes cash basis reporting of revenue for budgets and budgeting of expenditures to be disbursed within thirty days after year end.

Encumbrances

An encumbrance system is not maintained to account for commitments resulting from approved purchase orders, work orders and contracts.

Restricted Assets

Certain resources set aside for repayment of enterprise revenue bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

The "Bond Cushion" account is used to pay maturing principal and accruing interest, or both, only whenever and to the extent that funds otherwise provided are insufficient for that purpose. No funds paid into the cushion fund shall be used to prepay the principal unless such prepayment is for the balance of the principal amount of the bond.

The "Bond Depreciation" account is used for the purpose of paying the cost of replacing such parts of the Water and Sewer System as may need replacement in order to keep the system operating in an economical and efficient manner; provided, however, that in the event the funds otherwise established for the payment of principal and interest on the bond should be insufficient for any purpose, funds from the Depreciation fund can be used to pay such accruing interest and to provide for the payment of principal. The "Bond Contingent" account is used for the purpose of paying the cost of unforeseen contingencies arising in the operation and maintenance of the Water and Sewer System including the construction of reasonable and proper improvements, betterments and extensions; provided, however, that in the event the funds otherwise established for the payment of principal and interest on the bond should be insufficient for any purpose, funds from the Contingent fund can be used to pay such accruing interest and to provide for the payment of principal.

Compensated Absences

The Town does not provide paid vacation or sick leave.

Defining Operating Revenues and Expenses

The Town's proprietary fund distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses of the Town's water system consist of charges for services and the cost of providing those services, including depreciation and excluding interest costs. All other revenues and expenses are reported as non-operating.

Fund Reserves

Fund reserves are portions of fund equity that are legally segregated for a specific future use or are not available for current operations.

TOWN OF RENOVA, MISSISSIPPI
Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Contributed capital is recorded in the proprietary fund which has received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of retained earnings not appropriate for expenditure or legally segregated for a specific future use.

Government-wide and Proprietary Fund Net Assets

Government-wide and proprietary fund net assets are divided into three categories:

- Invested in capital assets, net of related debt-consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net assets-consist of net assets that are restricted by the Town's creditors or by the State through restrictions on shared revenues.
- Unrestricted-all other net assets are reported in this category.

Interfund Transfers

The Town uses interfund transfers to provide resources for or to facilitate specific transactions.

Note 2 Legal Compliance – Budget

Prior to August 1, the Mayor or Town Clerk submits to the Board a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted at Town Hall to obtain taxpayer comments. Prior to September 15, the budget is legally enacted through adoption by the Board of Aldermen. Any revisions that alter the total expenditures of the budget are amended by the Board of Aldermen.

Note 3 Deposits

Custodial credit risk for deposits is the risk that in the event of a bank's failure, the Town's deposits may not be returned. Since the Town's deposits are fully covered by deposit insurance, custodial credit risk is considered to be minimal.

As of September 30, 2009, the carrying amount of the Town's bank deposits was \$117,406.13 and the respective bank balances totaled \$163,437.39. All the bank balance was insured through federal depository insurance and the State collateral pool.

Note 4 Fair Value of Investments

The Town's investments consist of a certificate of deposit. This certificate is considered to be a nonparticipating investment contract and is reported at cost. Due to the relatively short maturity of this financial instrument, cost is considered to approximate market value. This certificate of deposit, carried at cost of \$35,888.03, is covered by federal depository insurance and the State collateral pool and is reported in the Enterprise Fund. This certificate of deposit earned interest of \$707.42 this fiscal year.

Note 5 Receivables

Enterprise Receivables and Uncollectible Accounts

Significant receivables include amounts due from customers primarily for utility services and are due the month after billing. The allowance amount is estimated using accounts receivable past due and collection experience.

TOWN OF RENOVA, MISSISSIPPI
Notes to Financial Statements

Note 5 Receivables (continued)

Enterprise Receivables and Uncollectible Accounts (continued)

Water Accounts	\$ 25,246.91
Allowance for uncollectibles	<u>(9,500.00)</u>
	15,746.91
Other	<u>567.23</u>
Net receivables	<u><u>\$ 16,314.14</u></u>

Governmental Receivables and Estimated Uncollectible Accounts

Property taxes	\$ 12,487.40
Property taxes-subsequent year	80,190.00
Franchise fees	3,053.89
Intergovernmental	<u>5,939.33</u>
	101,670.62
Allowance for uncollectibles	<u>(9,746.37)</u>
Net receivables	<u><u>\$ 91,924.25</u></u>

Note 6 Intergovernmental Receivables

Amounts of intergovernmental receivables at September 30, 2009 include the following:

General Fund	
State of Mississippi-Sales Tax	\$ 5,272.61
Bolivar County, MS-Auto Tags	<u>666.72</u>
	<u>\$ 5,939.33</u>

Note 7 Restricted Assets – Investments

A summary of restricted investment balances at September 30, 2009 follows:

Description	Certificate of Deposit
Bond Cushion Account	<u>\$ 6,000.00</u>
Bond Depreciation Account	2,500.00
Bond Contingent Account	<u>2,500.00</u>
	<u><u>\$ 11,000.00</u></u>

Amounts included as "reserved for revenue bond retirement" at September 30, 2009, represent the funds necessary to provide for adequate cumulative funding of reserves as required by respective debt instruments (Note 9). The reserve balances are equal to the restricted investment amount.

The \$113,000.00 USDA-Rural Development Revenue Bond (#91-03) requires the Town to accumulate the reserve accounts.

TOWN OF RENOVA, MISSISSIPPI
Notes to Financial Statements

Note 8 Capital Assets

Capital assets activity for the year ended September 30, 2009 was as follows:

	<u>Balance</u> <u>10/1/2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>9/30/2009</u>
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 44,000.00	\$ -	\$ -	\$ 44,000.00
Total capital assets not being depreciated	<u>44,000.00</u>	<u>-</u>	<u>-</u>	<u>44,000.00</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	9,832.43	-	-	9,832.43
Equipment	25,744.13	1,744.00	-	27,488.13
Total capital assets being depreciated	<u>35,576.56</u>	<u>1,744.00</u>	<u>-</u>	<u>37,320.56</u>
Less accumulated depreciation for:				
Buildings and improvements	9,832.43	-	-	9,832.43
Equipment	23,872.63	988.58	-	24,861.21
Total accumulated depreciation	<u>33,705.06</u>	<u>988.58</u>	<u>-</u>	<u>34,693.64</u>
Total capital assets being depreciated, net	<u>1,871.50</u>	<u>755.42</u>	<u>-</u>	<u>2,626.92</u>
Governmental activity capital assets, net	<u>\$ 45,871.50</u>	<u>\$ 755.42</u>	<u>\$ -</u>	<u>\$ 46,626.92</u>

Depreciation expense was charged to functions as follows:

Governmental activities:

 General government \$ 988.58

	<u>Balance</u> <u>10/1/2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>9/30/2009</u>
Business-type activities:				
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 119,416.80	\$ -	\$ 119,416.80	\$ -
Total capital assets not being depreciated	<u>119,416.80</u>	<u>-</u>	<u>119,416.80</u>	<u>-</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	9,610.74	-	-	9,610.74
Water system	1,618,629.27	244,235.00	-	1,862,864.27
Equipment	8,725.00	-	-	8,725.00
Total capital assets being depreciated	<u>1,636,965.01</u>	<u>244,235.00</u>	<u>-</u>	<u>1,881,200.01</u>
Less accumulated depreciation for:				
Buildings and improvements	9,610.74	-	-	9,610.74
Water system	729,952.80	51,149.76	-	781,102.56
Equipment	8,725.00	-	-	8,725.00
Total accumulated depreciation	<u>748,288.54</u>	<u>51,149.76</u>	<u>-</u>	<u>799,438.30</u>
Total capital assets being depreciated, net	<u>888,676.47</u>	<u>193,085.24</u>	<u>-</u>	<u>1,081,761.71</u>
Governmental activity capital assets, net	<u>\$ 1,008,093.27</u>	<u>\$ 193,085.24</u>	<u>\$ 119,416.80</u>	<u>\$ 1,081,761.71</u>

Depreciation expense was charged to functions as follows:

Business-type activities:

 Water & Sewer \$ 51,149.76

In proprietary funds, the following estimated useful lives are used to compute depreciation on a straight-line basis:

Water system	20-40 Years
Improvements	10 Years
Equipment	5 Years

TOWN OF RENOVA, MISSISSIPPI
Notes to Financial Statements

Note 9 Long-Term Obligations

Revenue Bonds. The Town issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding are as follows:

Water Revenue Bonds – USDA Rural Development

# 91-03	\$113,000.00 Water Improvement Revenue Bond dated 5-23-86, maturity date 5-23-2021, payable in annual interest payments only on 5-23-87 and 5-23-88 and principal and interest of \$8,977.85 thereafter on the anniversary date, interest at 7.125 percent, payable to Rural Development	\$ <u>65,716.27</u>
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There are a number of limitations and restrictions contained in the various bond indentures. The Town is in compliance with all significant limitations and restrictions.

Interest expense of \$4,843.18 was incurred this fiscal year. All was charged to expense in the Enterprise Fund.

Debt service requirements on long term debt at September 30, 2009 are as follows:

Business-type activities:

Fiscal Year Ending September 30	Rural Development Bonds		
	Interest	Principal	Total
2010	\$ 4,539.12	\$ 4,448.88	\$ 8,988.00
2011	4,211.62	4,776.38	8,988.00
2012	3,859.94	5,128.06	8,988.00
2013	3,482.38	5,505.62	8,988.00
2014	3,077.04	5,910.96	8,988.00
2015-2019	8,180.27	36,759.73	44,940.00
2020	49.55	3,186.64	3,236.19
	<u>\$ 27,399.92</u>	<u>\$ 65,716.27</u>	<u>\$ 93,116.19</u>

Long-term Obligation Activity:

Changes in long-term obligations for the year ended September 30, 2009 were as follows:

Business-type activities:

Water & Sewer:

Rural Development Bonds:

	Balance 10/1/2008	Increases	Decreases	Balance 9/30/2009	Due within One Year
#91-03	\$ 69,861.09	\$ -	\$ 4,144.82	\$ 65,716.27	\$ 4,539.12
Total	<u>\$ 69,861.09</u>	<u>\$ -</u>	<u>\$ 4,144.82</u>	<u>\$ 65,716.27</u>	<u>\$ 4,539.12</u>

Note 10 Solid Waste Disposal

The Town has contracted with Resourceful Environmental Services, Inc. to provide residential garbage collection and disposal. The present monthly rate is \$1,832.10. The Town has adopted the Solid Waste Management Plan for Bolivar County, Mississippi.

TOWN OF RENOVA, MISSISSIPPI
Notes to Financial Statements

Note 11 Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for these risks. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Note 12 Pension Plan - Public Employees Retirement System

Plan Description: Town of Renova contributes to the Public Employee's Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy: PERS members are required to contribute 7.25% of their annual covered salary, and the Town of Renova is required to contribute at an actuarially determined rate. The current rate is 12% of annual covered payroll. The contribution requirements of PERS members are established by and may be amended only by the State of Mississippi Legislature. The Town of Renova's contributions to PERS for the years ended September 30, 2007, 2008 and 2009, were \$11,053.01, \$12,907.29 and \$13,107.25 respectively, equal to the required contributions for each year.

Note 13 Commitments and Contingencies

Amounts received or receivables from grantor agencies are subject to audit and adjustment by grantor agencies, principally, the federal and state governments. Any disallowed claims resulting from noncompliance or other acts including amounts already collected, may constitute a liability.

The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

Note 14 Financial Instruments

Off-Balance-Sheet Risk

The Town is not a party to any financial instruments which have off-balance-sheet risk of accounting loss.

Significant Group Concentrations of Credit Risk

The Town's exposure to credit risk arises from amounts held in certificates of deposit, demand deposit, saving accounts, and from receivables. The maximum amount of loss from credit risk is the carrying value of those financial instruments.

The collateral requirements for bank deposits are set by state statutes and include FDIC insurance and pledges of certain state and federal securities as part of the State collateral pool. The receivables, including amounts due from individuals and the State of Mississippi are not collateralized.

TOWN OF RENOVA, MISSISSIPPI
Notes to Financial Statements

Note 15 Subsequent Events

After the balance sheet date, the Town issued \$150,000 in general obligation bonds as part of a Rural Development Grant and Loan program for the construction of a multipurpose facility.

Subsequent events were evaluated through August 26, 2010 which is the financial statement issuance date.

Required Supplementary Information

Required Supplementary Information
Town of Renova, Mississippi
Budgetary Comparison Schedule-General Fund
For the Fiscal Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, October 1	\$ 80,000.00	\$ 80,000.00	\$ 93,154.42	\$ 13,154.42
Resources (inflows)				
Property taxes	81,280.00	81,280.00	73,802.21	(7,477.79)
Franchise taxes	16,000.00	16,000.00	17,146.25	1,146.25
Licenses and permits	1,500.00	1,500.00	2,660.16	1,160.16
Intergovernmental	35,904.00	35,904.00	40,898.03	4,994.03
Interest	900.00	900.00	263.90	(636.10)
Miscellaneous	250.00	250.00	463.25	213.25
Amounts available for appropriation	215,834.00	215,834.00	228,388.22	12,554.22
Charges to appropriations (outflows)				
General government				
Legislative	16,056.00	16,056.00	16,056.00	-
Executive	30,836.00	30,836.00	23,855.79	6,980.21
Financial administration	60,176.00	73,176.00	71,999.67	1,176.33
Recreation	3,000.00	3,000.00	2,265.00	735.00
Public works				
Maintenance	21,304.00	21,304.00	18,997.57	2,306.43
Street lights	9,000.00	9,000.00	6,770.86	2,229.14
Public safety	-	-	3,292.02	(3,292.02)
Nondepartmental				
Other	19,400.00	23,500.00	18,510.20	4,989.80
Transfers out			1,688.40	(1,688.40)
Total charges to appropriations	159,772.00	176,872.00	163,435.51	13,436.49
Budgetary fund balance, September 30	\$ 56,062.00	\$ 38,962.00	\$ 64,952.71	\$ 25,990.71

Required Supplementary Information
Town of Renova, Mississippi
Budgetary Comparison Schedule-Special Revenue Fund
For the Fiscal Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, October 1	\$ 7,632.00	\$ 7,632.00	\$ 7,652.83	\$ 20.83
Resources (inflows)				
Intergovernmental	3,300.00	3,300.00	-	(3,300.00)
Interest	54.00	54.00	26.03	(27.97)
	<u>10,986.00</u>	<u>10,986.00</u>	<u>7,678.86</u>	<u>(3,307.14)</u>
Amounts available for appropriation				
Charges to appropriations (outflows)				
Public safety				
Other	-	-	-	-
Capital outlay	3,300.00	3,300.00	-	3,300.00
Total charges to appropriations	<u>3,300.00</u>	<u>3,300.00</u>	<u>-</u>	<u>3,300.00</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Budgetary fund balance, September 30	<u>\$ 7,686.00</u>	<u>\$ 7,686.00</u>	<u>\$ 7,678.86</u>	<u>\$ (7.14)</u>

**Required Supplementary Information
Town of Renova, Mississippi
Note to Budgetary Comparison Schedule**

**Note A - Explanation of differences between Budgetary inflows
and outflows and GAAP revenues and expenditures**

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 228,388.22	\$ 7,678.86
Differences-budget to GAAP:		
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(93,154.42)	(7,652.83)
Revenues reported on cash basis for budgetary purposes are reported on accrual basis for financial reporting purposes.	(584.95)	-
	<u>\$ 134,648.85</u>	<u>\$ 26.03</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 163,435.51	\$ -
Differences-budget to GAAP:		
Expenditures reported on cash basis for budgetary purposes are reported on accrual basis for financial reporting purposes.	125.78	-
	<u>\$ 163,561.29</u>	<u>\$ -</u>

Supplementary Information

Town of Renova, Mississippi
Reconciliation of Original Ad Valorem Tax Rolls to Fund Collections
For the Year Ended September 30, 2009

Assessed Valuation & Millage:	Assessed Value	Tax	
Realty	\$ 2,222,314		
Personalty	48,754		
Personal-Auto (From County)	612,333		
Utilities	125,097		
Total assessed value	3,008,498		
Less: Board Order Changes	(86,202)		
Total Municipal at 27 Mills	\$ 2,922,296	78,902	
Collections Adjustments:			
Add: Municipal Homestead Reimbursement		4,887	
Prior Year Tax Collection		7,317	
Penalties and Interest		2,996	
Less: Homestead Exemption Credit		(8,185)	
Collector's Commission		(860)	
Total to be Accounted For:		\$ 85,057	
	Taxes	Homestead	Total
Collection Credits to Funds:			
Municipal General Fund	73,202	4,887	78,089
Balance Represented By:			
Unpaid Property Taxes		7,261	
Unaccounted for		(293)	
Total Accounted For:		\$ 85,057	

Ad valorem tax assessments were found to be within the limitations of Section 27-39-320 to 27-39-321 as follows:

Base - 2008	70,445	Taxes collected 08-09	73,202
New additions	6,697	Homestead exemption	4,887
10% increase	7,045	reimbursement	
		Margin	6,098
	84,187		84,187

Town of Renova, Mississippi
Schedule of Surety Bonds for Town Officials
September 30, 2009

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Scheduled Bond-FHA</u>	<u>Blanket Bond</u>
Jimmy L Parker	Mayor	Ohio Casualty	\$35,000	\$50,000
Pamela Martin	Town Clerk	Ohio Casualty	\$35,000	\$50,000
Millicent Cole	Deputy Clerk	Ohio Casualty		\$50,000
Marcia Barnes	Secretary	Ohio Casualty		\$50,000
Manuel Coleman, Jr.	Alderman	Ohio Casualty	\$15,000	\$50,000
Juanita Green	Alderman	Ohio Casualty		\$50,000
Lenora Payne	Alderman	Ohio Casualty		\$50,000
Harvey Green	Alderman	Ohio Casualty		\$50,000
Milton Hunt	Alderman	Ohio Casualty		\$50,000

OTHER REPORTS

EDMONDSON & BURCHFIELD, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

217 NORTH PEARMAN AVENUE • P. O. BOX 238
CLEVELAND, MISSISSIPPI 38732

Phone (662) 846-6631 • Fax (662) 846-6632

CARLTON W. EDMONDSON, JR., CPA
R. ALLEN BURCHFIELD, CPA

WILLIAM P. NEAL, CPA
FOUNDER (1921 - 1995)
C. ROBERT NEAL, CPA
FOUNDER (1949 - 1998)

AMERICAN INSTITUTE OF
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH THE MISSISSIPPI STATE AUDITOR'S REQUIREMENTS
AND STATE LAWS AND REGULATIONS**

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

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Renova, Mississippi as of and for the year ended September 30, 2009, which collectively comprise the Town of Renova's basic financial statements and have issued our report thereon dated August 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our procedures and our audit of the general purpose financial statements disclosed the following immaterial instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses are as follows:

1. **Finding:**

Expenditures in the General Fund exceeded the municipal budget.

Recommendation:

The Town should take steps to ensure that expenditures will not exceed budgeted levels as required by Section 21-35-17.

Response:

The Town agrees with the recommendation and will take steps necessary to ensure sufficient information is available to prevent over-expenditures. The expenditures in question involved fund transfers.

2. **Finding:**

Expenditures in the General Fund exceeded the 25% limitation imposed by Section 21-35-27 for expenditures in the last year of a term of office.

Recommendation:

The Town should take steps to ensure that expenditures will not exceed the limitations imposed by Section 21-35-27.

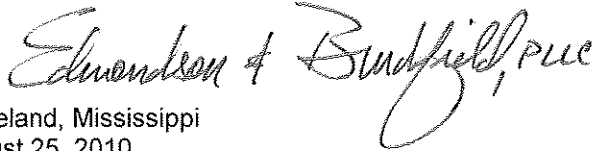
Response:

The Town agrees with the recommendation and will implement procedures to comply with the Section 21-35-27 expenditure limitations. Several unusual expenditures arose in the measurement period.

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Honorable Mayor and Board of Aldermen

The instances of noncompliance of the prior year have been corrected by management unless it is specifically stated otherwise in the findings and recommendations reflected above.

This report is intended for the information of the Town's management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Edmondson & Bondfield, P.C.".

Cleveland, Mississippi
August 25, 2010