



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.



**Town of Terry**

**Financial Statements  
with Supplementary Information  
September 30, 2010**

# Town of Terry

## Table of Contents September 30, 2010

---

<b>Independent Auditors' Report</b>	1-2
<b>Financial Statements</b>	
Statement of Cash Receipts and Disbursement (All Funds)	3-4
Notes to Financial Statements	5-8
<b>Supplementary Information</b>	
Schedule of Long-Term Debts	9
Schedule of Surety Bonds for Town Officials	10
Schedule of Expenditures of Federal Awards	11
<b>Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Governmental Auditing Standards</u></b>	12 – 13
<b>Report of Independent Certified Public Accountants on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133</b>	14 – 15
Schedule of Findings and Questioned Costs for the Year Ended September 30, 2010	16 – 18
<b>Independent Auditors' Report on Compliance with State Laws and Regulations</b>	19



Carr Riggs & Ingram, LLC  
282 Commerce Park Drive  
Ridgeland, Mississippi 39157

Mailing Address:  
P.O. Box 2418  
Ridgeland, Mississippi 39158-2418

(601) 853-7050  
(601) 853-9331 (fax)  
[www.cricpa.com](http://www.cricpa.com)

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Board of Aldermen of  
Town of Terry  
Terry, Mississippi

We have audited the Statement of Cash Receipts and Disbursements, Governmental and Business-type Activities of the Town of Terry, as of and for the year ended September 30, 2010. This financial statement is the responsibility of the Town of Terry's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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*, as issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement referred to above is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement of Cash Receipts and Disbursements, Governmental and Business-type Activities. 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 opinion.

As described more fully in Note 1, the Town of Terry has prepared their financial statements using accounting practices permitted by the Mississippi State Department of Audit, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effect of the matters discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of each fund of the Town of Terry as of September 30, 2010, or changes in financial position or cash flows thereof for the year then ended. Further, the Town has not presented management's discussion and analysis nor required supplemental information that accounting principles generally accepted in the United States has determined is necessary to supplement, although they are not required to be part of, the basic financial statements.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balances of each fund of the Town of Terry, as of September 30, 2010, and their respective cash receipts and disbursements, for the year ended, on the basis of accounting described in Note 1 except for the omission of a supplemental schedule of the Statement of Capital Assets as is required by the accounting practices permitted by the Mississippi State Department of Audit.

Our audit was conducted for the purpose of forming an opinion on the Statement of Cash Receipts and Disbursements, Governmental and Business-type Activities of the Town of Terry, taken as a whole. Supplemental schedules on pages 9 – 10 are presented for purposes of additional analysis and are not a required part of the financial statement. The accompanying Schedule of Expenditures of Federal Awards on page 11 is presented for purposes of additional analysis, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Town of Terry. The Schedule of Expenditures of Federal Awards is the responsibility of the Town's management. The information in these schedules has been subjected to the auditing procedures applied in the audit of the Statement of Cash Receipts and Disbursements, Governmental and Business-type Activities and, in our opinion, is fairly presented in all material respects in relation to the Statement of Cash Receipts and Disbursements, Governmental and Business-type Activities taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2011 on our consideration of the Town of Terry's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an internal part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs & Ingram, LLC  
March 24, 2011

# Town of Terry

## Statement of Cash Receipts and Disbursements (All Funds)

	Government Funds				Total
	General	Fire Protection	Cemetery Fund	Proprietary Funds	
<b>For the Year End September 30, 2010</b>					
Revenue Receipts:					
General Property Taxes	\$ 188,989	\$ -	\$ -	\$ -	188,989
Licenses and Permits	3,279	-	-	-	3,279
Intergovernmental Revenue:					
State Shared Revenues:					
Sales Tax	280,299	-	-	-	280,299
General Municipal Aid	345	-	-	-	345
Gasoline Tax	1,576	-	-	-	1,576
Homestead Exemption	7,715	-	-	-	7,715
Nuclear Plant	5,063	-	-	-	5,063
Liquor Fee	1,800	-	-	-	1,800
DEQ Grant	14,999	-	-	-	14,999
Federal Revenues:					
CDBG-Recovery Grant	350,960	-	-	-	350,960
Highway Planning & Construction Grant	288,493	-	-	-	288,493
Charges for Services:					
Water Utility Sani Spec	-	-	-	323,767	323,767
Cemetery Fees	-	-	10,450	-	10,450
Other Income	107,187	-	-	-	107,187
Hinds County Grant	75,059	-	-	-	75,059
Loans and Transfers	569,297	6,108	-	154,220	729,625
Interest Income	-	19	286	184	489
<b>Total Receipts</b>	<b>1,895,061</b>	<b>6,127</b>	<b>10,736</b>	<b>478,171</b>	<b>2,390,095</b>
<b>Cash Balance - Beginning of Year</b>	<b>61,530</b>	<b>33,361</b>	<b>71,340</b>	<b>178,895</b>	<b>345,126</b>
<b>Total Amount to be Accounted for</b>	<b>\$ 1,956,591</b>	<b>\$ 39,488</b>	<b>\$ 82,076</b>	<b>\$ 657,066</b>	<b>\$ 2,735,221</b>

See notes to financial statements.

# Town of Terry

## Statement of Cash Receipts and Disbursements (All Funds)

For the Year Ended September 30, 2010	Government Funds				Total
	General	Fire Protection	Cemetery Fund	Proprietary Funds	
Operating Disbursements:					
General	\$ 366,363	\$ -	\$ 277	\$ -	\$ 366,640
Public Safety - Police	79,647	-	-	-	79,647
Highways and Streets - Repairs and Maintenance	4,436	-	-	-	4,436
Sanitation	64,149	-	-	-	64,149
Enterprises: Water Utility	174,727	-	-	97,515	272,242
Interest on Note	14,967	-	-	-	14,967
Cemetery Maintenance	1,122	-	-	-	1,122
Federal Expenditures:					
CDBG-Recovery Grant	350,960	-	-	-	350,960
Highway Planning & Construction Grant	288,493	-	-	-	288,493
Other Disbursements:					
Redemption of Principal	37,800	-	-	24,186	61,986
Capital Outlay	154,316	-	-	36,354	190,670
Loans and Transfers	389,300	-	13,405	326,920	729,625
<b>Total Disbursements</b>	<b>1,926,280</b>	<b>-</b>	<b>13,682</b>	<b>484,975</b>	<b>2,424,937</b>
<b>Cash Balance - End of Year</b>	<b>30,311</b>	<b>39,488</b>	<b>68,394</b>	<b>172,091</b>	<b>310,284</b>
<b>Total Amount Accounted for</b>	<b>\$ 1,956,591</b>	<b>\$ 39,488</b>	<b>\$ 82,076</b>	<b>\$ 657,066</b>	<b>\$ 2,735,221</b>

See notes to financial statements.

# Town of Terry

## Notes to the Financial Statements

---

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***Organization and Activities***

The Town of Terry (the "Town") operates under a Mayor-Board of Alderman form of government. The accounting policies of the Town of Terry conform to laws of Mississippi for a municipality with a population of less than 3,000.

#### ***Basis of Accounting***

All governmental and propriety funds are accounted for using the cash receipts and disbursements basis of accounting, as permitted by the Mississippi State Department of Audit. This basis of accounting differs from generally accepted accounting principles in that revenues are recognized when received rather than when measurable and available as net current assets and expenditures are generally recognized when the related fund expense is disbursed rather than when the related fund liability is incurred. Consequently these financial statements are not intended to present financial position or results of operations in accordance with generally accepted accounting principles. Financial statements issued following accounting principles generally accepted in the United States of America normally contain Government-Wide Financial Statements, Fund Financial Statements, Management Discussion and Analysis (MD&A), Required Supplemental Information (Budgetary Reporting), and other Supplemental Information.

In connection with the preparation of the financial statements, management of the Town evaluated subsequent events through March 24, 2011, which is the date the financial statements were available to be issued.

#### ***Basis of Presentation***

The accounts of the Town of Terry are organized on the basis of funds, each of which is considered a separate accounting entity. The Town has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its fund balance, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

The financial statements outline both functions of the Town and business-type activities. The governmental activities of the Town include police and fire protection, parks, recreation, public works, urban and economic development, and general administrative services. The business-type activities include the water and sewer system and its related projects.

The following funds and groups of accounts are used by the Town:

#### ***Governmental Activities Fund Types:***

##### ***General Fund***

The general fund is established to account for resources devoted to financing the general services that the Town performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the Town are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not been established.

# Town of Terry

## Notes to the Financial Statements

---

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

#### ***Fire Protection Fund***

The fire protection fund is established to account for resources devoted to financing the fire protection of the Town and its citizens. Revenues and other sources of revenue specifically for this purpose are included in this fund. The fund is charged with all cost of operating fire protection for which a separate fund has not been established.

#### ***Cemetery Fund***

The cemetery fund is established to account for resources devoted to the maintenance of the Town cemetery. Revenues and other sources of revenue specifically for this purpose are included in this fund. The fund is charged with all cost of cemetery maintenance for which a separate fund has not been established.

#### ***Business-Type Activities:***

##### ***Proprietary Fund***

These funds account for operations that are organized to be self-supporting through user charges. Included in the category is the water and sewer funds.

#### ***Cash and Cash Equivalents***

The Town considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

#### ***Revenues and Expenditures/Expenses***

Revenue for governmental and proprietary funds are recorded when they are received. Expenditures for governmental funds are recorded when paid.

#### ***Property Tax Revenues***

Property taxes are levied on January 1 based on the assessed value of property per the County Tax Bills. Assessed values are approximation of market value. Property taxes are recognized as revenue when they are received.

#### ***Interfund Transactions***

The Statement of Cash Receipt and Disbursements includes a total column. Interfund transactions have not been eliminated from the total column of this financial statement.

### NOTE 2 – PROPERTY TAXES

The Town utilized the county tax rolls and values in assessing the ad valorem taxes on real and personal property within the Town boundaries. The Town's property taxes and personal auto taxes are collected and remitted to the Town by the Hinds County tax collector.

Property for which ad valorem taxes have not been paid is advertised for sale in April of each year. Property not sold at auction becomes the property of the State of Mississippi.

# Town of Terry

## Notes to the Financial Statements

---

### NOTE 3 – CASH AND OTHER DEPOSITS

The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation. The carrying amount of the Town's deposits with financial institutions was \$310,284.

Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the town. As of September 30, 2010, none of the Town's bank balances were exposed to custodial credit risk.

### NOTE 4 – LONG-TERM DEBT

A summary of the long-term debt by year over the next five years and amounts maturing thereafter as of September 30, 2010 are as follows:

September 30, 2011	\$	68,695
September 30, 2012		57,954
September 30, 2012		20,726
Other debt without terms (construction phase loan)		553,274
		<hr/>
	\$	700,650

A loan held by MDA for a water well improvement project will have payment terms after construction draw limit is reached.

### NOTE 5 – 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. Except as described below, the Town carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Town is a member of the Mississippi Municipal Workers' Compensation Group (MMWCG). The group is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. MMWCG covers risks of loss arising from injuries to the Town's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and

# Town of Terry

## Notes to the Financial Statements

---

### NOTE 5 – RISK MANAGEMENT – (CONTINUED)

severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of the MMWCG contributes quarterly to a fund held in trust. The trust pays statutory amounts. The funds in the trust account are used to pay claims up to \$1,000,000 per occurrence. If total claims during a year were to deplete the trust account, then the pool members would be required to pay for the deficiencies. The Town has not had an additional assessment for excess losses incurred by the pool.

The Town is a member of the Mississippi Municipal Liability Plan (MMLP). This is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. MMLP covers liability claims against the Town. Each member of the MMLP contributes to a fund held in a trust account. The funds held in the trust account are used to pay claims up to \$500,000 per occurrence. The Town has not had an additional assessment for excess losses.

**Town of Terry**  
**Schedule of Long-term Debts**

Definition and Purpose	Balance Outstanding 10/1/2009	Transactions During Fiscal Year		Balance Outstanding 9/30/2010
		Issued	Payments	
Original amount \$79,587, payable \$550 a month at 3.00% interest with final payment due July 2013. Due to State of MS Economic Development.	\$ 21,748	\$ -	\$ 6,009	\$ 15,739
Original amount \$47,031, payable \$1,074 a month at 4.59% interest with final payment due March 2011. Due to Bancorp Equipment Finance.	17,651	-	11,290	6,361
Original amount \$22,528, payable \$515 a month at 4.59% interest with final payment due January 2012. Due to Bancorp Equipment Finance.	13,640	-	5,668	7,972
Original amount \$110,025, payable \$2,292 a month with final payment due October 1, 2012.	82,518	-	27,505	55,013
Original amount \$6,921 payable \$166 a month with final payment due March 2013. Capitalized lease with NEC Financial Services, Inc.	5,630		1,273	4,357
Original amount \$47,626, payable \$1,059 a month at 3.59% interest with final payment due October 2013. Due to Bancorp Equipment Finance.		47,266	10,241	37,025
Original amount \$20,909, payable \$613 a month at 6.54% interest with final payment due September 2013. Due to Bancorp Equipment Finance.		20,909	-	20,909
Construction phase of loan from Mississippi Development Authority. Limit \$700,000 for water well improvement project. Payment terms determined at final draw down or construction limit.	553,274	-	-	553,274
	<b>\$ 694,461</b>	<b>\$ 68,175</b>	<b>\$ 61,986</b>	<b>\$ 700,650</b>

# Town of Terry

## Schedule of Surety Bonds for Town Officials

---

<b>Position</b>	<b>Surety</b>	<b>Bond Amount</b>
Mayor	Western Surety	\$ 50,000
Town Clerk	Western Surety	50,000
Tax Collector	Western Surety	50,000
Chief of Police	Western Surety	50,000
Police Officers	Western Surety	10,000 ea
Aldermen	Western Surety	10,000 ea

**Town of Terry**  
**Schedule of Expenditures of Federal Awards**

*Year ended September 30, 2010*

Federal Grantor/Program Title	Federal CFDA Number	Federal Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
ARRA - Community Development Block Grant - Recovery	14.255	\$ 350,960
<b>U.S. SMALL BUSINESS TRANSPORTATION</b>		
ARRA - Highway Planning and Construction	20.205	267,605
Highway Planning and Construction	20.205	<u>20,888</u>
 Grand Total - All Programs		 <u>\$ 639,453</u>

**NOTES TO SCHEDULE:**

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, as was used for the financial statements.



Carr Riggs & Ingram, LLC  
282 Commerce Park Drive  
Ridgeland, Mississippi 39157

Mailing Address:  
P.O. Box 2418  
Ridgeland, Mississippi 39158-2418

(601) 853-7050  
(601) 853-9331 (fax)  
www.cricpa.com

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Aldermen  
Town of Terry  
Terry, Mississippi

We have audited the financial statements of the Town of Terry (the "Town") as of and for the year ended September 30, 2010, and have issued our report thereon dated March 24, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, that we consider to be significant deficiencies as described in Section II of the accompanying schedule of findings and questioned costs. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Aldermen, management, others within the entity, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs and Ingram, LLC  
March 24, 2011



Carr Riggs & Ingram, LLC  
282 Commerce Park Drive  
Ridgeland, Mississippi 39157

Mailing Address:  
P.O. Box 2418  
Ridgeland, Mississippi 39158-2418

(601) 853-7050  
(601) 853-9331 (fax)  
www.cricpa.com

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Aldermen  
Town of Terry  
Terry, Mississippi

Compliance

We have audited the compliance of the Town of Terry (the "Town") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on the Town's major federal program for the year ended September 30, 2010. The Town's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2010. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as finding 2010-03.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal

control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance, that we consider to be significant deficiencies as described in Section II of the accompanying schedule of findings and questioned costs. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Town's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town's response, and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the management and Board of Aldermen of the Town, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs & Ingram, LLC  
March 24, 2011

# Town of Terry

## Schedule of Findings and Questioned Costs

For the year ended September 30, 2010

---

### **Section I - Summary of Auditors' Results**

#### ***Financial Statements***

Type of auditors' report issued Unqualified  
Cash Basis

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified  
not considered to be material weakness(es)? Yes

Noncompliance material to financial statements noted? No

#### ***Federal Awards***

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified  
not considered to be material weakness(es)? Yes

Type of auditors' report issued on compliance  
for major programs Unqualified

Any audit findings disclosed that are required to be reported in  
accordance with Circular A-133 (section .510 (a))? Yes

Identification of major program(s):

<b><i>CFDA Number(s)</i></b>	<b><i>Name of Federal Program or Cluster</i></b>
14.255	Community Development Block Grant - Recovery

Dollar threshold used to distinguish  
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? No

**Section II - Financial Statement Findings** Yes

**Section III - Federal Award Findings and Questioned Costs** Yes

#### **Summary Schedule of Prior Audit Findings**

No prior audit was performed.

# Town of Terry

## Schedule of Findings and Questioned Costs

*For the year ended September 30, 2010*

---

### **Section II - Financial Statement Findings**

#### **2010-01: Lack of Segregation of Duties**

##### *Finding*

There is a lack of segregation of duties in the Town's Clerk's office. Internal accounting controls of the Town are inadequate because of a lack of segregation of duties due to limited personnel and limited funding. Good internal controls call for segregation of duties between the performance, approval and record keeping of a transaction.

##### *Recommendation*

An evaluation of the internal control structure of the Town to determine a workable and economically feasible improvement in the internal control structure.

##### *Response*

The Town is unable to hire additional employees to properly segregate the duties due to the limited funding resources of a small municipality.

#### **2010-02: Lack of Knowledge to Prepare Financial Statements**

##### *Finding*

The person responsible for the Town's accounting and reporting function lacks the skills and knowledge to prepare financial statements with full disclosures.

##### *Recommendation*

Evaluation the abilities of the current staff of the Town and provide continuing education when available to enhance the knowledge of the staff.

##### *Response*

The Town is unable to upgrade their personnel to a skill level necessary to eliminate this finding due to limited funding resources.

# Town of Terry

## Schedule of Findings and Questioned Costs

*For the year ended September 30, 2010*

---

### **Section III - Federal Award Findings and Questioned Costs**

Finding 2010-01 and 2010-02 are also considered to be federal award findings.

#### **2010-03: Reports Filed Timely**

*Finding Type:* Significant Deficiency and Immaterial Noncompliance

*Program Tested:* Community Development Block Grant - Recovery (U.S. Department of Housing and Urban Development - CFDA #14.255)

*Questioned Cost:* None

#### *Criteria*

In accordance with the reporting requirements for Section 1512 of ARRA, federal awarding agency regulations, and the terms and conditions of the award, reporting is due on the 5<sup>th</sup> day following the end of each quarter.

#### *Condition and Cause*

During our testing of 100% of the requirement reporting, we identified two instances in which the reporting was filed past the 5<sup>th</sup> day.

#### *Effect*

Failure to file timely reporting could result in a material noncompliance finding.

#### *Recommendation*

We recommend that the Town implement additional control procedures to ensure that reporting is filed timely.

#### *Name(s) of Contact Person(s) Responsible for Corrective Action:*

Mr. Roderick Nicholson

#### *Response*

We now understand the reporting requirement and it is our intent to make all filing in a timely manner.



Carr Riggs & Ingram, LLC  
282 Commerce Park Drive  
Ridgeland, Mississippi 39157

Mailing Address:  
P.O. Box 2418  
Ridgeland, Mississippi 39158-2418

(601) 853-7050  
(601) 853-9331 (fax)  
www.cricpa.com

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
STATE LAWS AND REGULATIONS**

To The Honorable Mayor and Aldermen  
Town of Terry  
Terry, Mississippi

We have audited the Statement of Cash Receipts and Disbursements, Governmental and Business-type Activities of the Town of Terry as of and for the year ended September 30, 2010, and have issued our report thereon dated March 24, 2011. Our report differed from the standard report due to the basis of accounting. All governmental and proprietary funds contained in this report are accounted for using the cash receipts and disbursements basis of accounting, as permitted by the Mississippi State Department of Audit. This basis of accounting differs from accounting principles generally accepted in the United States of America in that revenues are recognized when received rather than when measurable and available as net current assets and expenditures are generally recognized when the related fund expense is disbursed rather than when the related fund liability is incurred. Consequently, these financial statements are not intended to present financial position or results of operations in accordance with accounting principles generally accepted in the United States of America. Financial statements issued following accounting principles generally accepted in the United States of America normally contain Government-Wide Financial Statements, Fund Financial Statements, Management Discussion and Analysis (MD&A), Required Supplemental Information other than MD&A (Budgetary Reporting), and other Supplemental Information. 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.

We have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with laws and regulations was not an objective of our audit and, accordingly, we do not express an opinion.

In connection with our audit, nothing came to our attention that caused us to believe that the Town of Terry had not complied with the requirements of the Office of the State Auditor as set forth in the Municipal Compliance Questionnaire and other state laws and regulations.

This report is intended for the information of the Mayor and Board of Aldermen and federal awarding agencies and pass-through entities 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.

*Carr Riggs & Ingram, L.L.C.*

March 24, 2011