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AUDITOR'S SPECIAL REPORT
ON AGREED UPON PROCEDURES
Town of Ecu, Mississippi
September 30, 2005

JOHN M. LAUDERDALE

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Mayor and Board of Alderpersons
Town of Ecu, Mississippi

I have applied certain agreed-upon procedures, as described below, to the accounting records of the Town of Ecu, Mississippi, as of September 30, 2005, and for the year then ended, as required by the Office of the State Auditor, under provisions of Section 21-35-31, Miss. Code Ann. (1972). It is understood the report is solely for the use of the governing body of the Town of Ecu, Mississippi, and the Office of the State Auditor and should not be used for any other purposes. My procedures and findings are as follows:

- 1. I reconciled cash on deposit with the following banks to balances in the respective general ledger accounts and obtained confirmation of the related balances from the banks:

<u>Bank</u>	<u>Fund</u>	<u>Balance per General Ledger</u>
Bancorpsouth	General	\$ 140,169
Bancorpsouth	Water & Sewer	\$ 77,573

- 2. I confirmed all investments as of the fiscal year end. They were in the form of Certificates of Deposit that are included in the amounts above. The Water & Sewer Fund has certificates in the amount of \$51,124. All investment transactions were examined for compliance with investments authorized by section 21-33-323 of the Mississippi Code of 1972.
- 3. I performed the following procedures with respect of taxes on real and personal property (including motor vehicles) levied during the fiscal year:
 - a. Traced Levies to governing body minutes.
 - b. I confirmed with the Pontotoc County Tax Assessor/Collector the amounts collected on behalf of the Town and remitted to them. I traced these into the general ledger without exception.
 - c. Determined that uncollected taxes were properly handled, including tax sales. These functions are performed by the County under contract.
 - d. Traced distribution of taxes collected to proper funds without exception.
 - e. Analyzed increase in taxes for most recent period for compliance with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

Amounts collected by Pontotoc County Tax Assessor/Collector and remitted to Town at 26.5 mills:

Real Property tax	\$64,511
Personal Property Tax	9,960
Auto Tax	25,309
Mobile Home Tax	<u>159</u>
Total Collections	\$99,939
Less: Tax Collector's Commission	1,666
Plus: Prior Years Collections	2,120
Plus: Homestead Exemption Reimbursement	<u>8,601</u>
Total to Account for	\$108,994

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, all funds were deposited into the General Fund.

Collections of Taxes	\$100,393
Homestead Exemption Reimbursement	<u>8,601</u>
Total Accounted for	\$108,994

The Town was in compliance with the increase limitations as follows:

Actual Collections		Actual Collections	
Base Year 2003	\$90,220	2004	\$ 99,939
10% Increase	9,022	Homestead Exemption	
Exempt collections	86,190	Reimbursement	8,601
Under Limitation	<u> </u>		<u>76,892</u>
Total	\$185,432		\$185,432

4. I obtained a statement of amounts paid by the Department of Finance & Administration to the municipality. Payments indicated were traced to deposit in the general ledger in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>General Ledger Amount</u>
Sales Tax Allocation	General Fund	\$116,931
Homestead Reimbursement	General Fund	8,601
Fire Protection Allocation	General Fund	4,461
General Municipal Aid	General Fund	494
Gasoline Tax	General Fund	2,604
TVA – In Lieu of Tax	General Fund	21,219
Other Aid	General Fund	13,100

5. I selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for compliance with purchasing requirements set forth in Sections 31-7-1, 31-7-13, 31-7-49, and 31-7-57, Miss. Code Ann. (1972), as applicable.

The sample consisted of the following:

Number of sample items	82
Total dollar value of sample	\$ 142,416

I found that the municipality's purchasing procedures were in noncompliance in several instances. In fourteen of the items samples, totaling \$21,272, expenditures were not properly authorized in the minutes. In two instances the purchase was for over \$3,500 and no quotes were documented in the minutes.

6. I have read the municipal compliance questionnaire completed by the municipality. The completed survey indicated no instances of noncompliance with state requirements; however, as mentioned in paragraph 5, there were problems in purchase compliance.

Because the above procedures do not constitute an audit in accordance with generally accepted auditing standards, I do not express an opinion on any of the specific accounts or classes of transactions referred to above. In connection with the procedures referred to above, no matters came to my attention that caused me to believe the items specified in Paragraphs 1,2, and 3 should be adjusted. Had I performed additional procedures or had I conducted an audit of

the financial statements in accordance with generally accepted auditing standards, matters might have come to my attention that would have been reported to you. This report should not be associated with the financial statements of the Town of Ecu, Mississippi for the year ended September 30, 2005.

John M. Lauderdale
Certified Public Accountant

July 31, 2006

COMPILED FINANCIAL STATEMENTS
TOWN OF ECRU, MISSISSIPPI
September 30, 2005

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Honorable Mayor and Board
Of Alderpersons
Town of Ecu
Ecu, Mississippi

I have compiled the accompanying statement of cash receipts and disbursements of the Town of Ecu, Mississippi for the year ended September 30, 2005 and the Schedule of Long Term Debt and Schedule of Surety Bonds for Town Officials, which are presented for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representation of management. I have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

Management has not presented government-wide financial statements to display the cash basis financial position and changes in cash basis financial position of its governmental activities and business-type activities. Accounting principles generally accepted in the United States of America, as applied to the Town's cash basis of accounting, require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements resulting from cash basis transactions for the Town's governmental activities and business-type activities are not reasonably determinable.

The Mayor and Alderpersons have elected to omit substantially all of the disclosures ordinarily included in the financial statements prepared on the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's cash receipts and disbursements. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Management also has not presented management's discussion and analysis and other required supplemental information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

In accordance with the provisions of Section 21-35-31, Miss. Code Ann. (1972), I have issued a report dated July 31, 2006, on the results of our agreed upon procedures.

John M. Lauderdale
Certified Public Accountant

August 15, 2006

TOWN OF ECRU MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For the fiscal year ended September 30, 2005

	Governmental Activities	Business-type Activities	Total
	General Fund	Water and Sewer	
Receipts			
General Property Taxes	\$108,994		\$108,994
In Lieu of Taxes	32,781		32,781
License and Permits	4,895		4,895
Intergovernmental Revenue:			
State Shared Revenues:			
Sales Tax	116,931		116,931
Gasoline Tax	2,604		2,604
General Municipal Aid	494		494
Fire Insurance Premium Tax Distribution	4,461		4,461
Law Enforcement Assistance Grant	2,375		2,375
Emergency Management Grant	10,725		10,725
Charges for Services:			
Sanitation	30,098		30,098
Water and Sewer		273,425	273,425
Other Receipts:			
Rents	2,775		2,775
Fines	62,373		62,373
Miscellaneous	22,700		22,700
Interest Income	22	633	655
Cemetery Lots & Donations	1,625		1,625
General Donations	813		813
Park Revenues & Donations	6,652		6,652
Total Receipts	\$411,318	\$274,058	\$685,376

See accountant's compilation report.

TOWN OF ECRU MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS, Continued
For the fiscal year ended September 30, 2005

	Governmental Activities	Business-type Activities	Total
	General Fund	Water and Sewer	
Disbursements			
General Government	\$165,034		\$165,034
Public Safety:			
Police	185,502		185,502
Fire	16,412		16,412
Maintenance of Public Property	9,959		9,959
Recreation	10,258		10,258
Sanitation	30,075		30,075
Water & Sewer		234,962	234,962
Interest		35,658	35,658
Total Disbursements	417,240	270,620	687,860
Excess (Deficiency) of receipts over disbursements	(5,922)	3,438	(2,484)
Other financing sources (uses):			
Proceeds of loans		12,007	12,007
Capital Outlay		(14,449)	(14,449)
Debt Retired		(23,928)	(23,928)
Payroll withholding	(2,024)		(2,024)
Transfers	20,411	(20,411)	0
Total Other financing sources (uses)	18,387	(46,781)	(28,394)
Excess (Deficiency) of receipts and other financing sources over disbursements and other financing uses	12,465	(43,343)	(30,878)
Cash Basis Fund Balance-Beginning of Year	127,704	120,916	248,620
Cash Basis Fund Balance-End of Year	\$140,169	\$77,573	\$217,742

See accountant's compilation report.

TOWN OF ECRU, MISSISSIPPI
SCHEDULE OF LONG TERM DEBT
September 30, 2005

Definition & Purpose	Balance Outstanding	Transactions During Fiscal Year		Balance Outstanding September 30, 2005
	October 1, 2004	Issued	Redeemed	
General Fund				
Notes Payable - Bancorpsouth	\$6,599		\$6,599	\$0
Water & Sewer:				
Notes Payable - Bancorpsouth		12,007	2,826	9,181
Note Payable Rural Development	329,135		8,310	320,825
Note Payable GECC	28,190		2,736	25,454
Note Payable GECC	176,727		10,056	166,671
Totals	\$540,651	\$12,007	\$30,527	\$522,131

See accountant's compilation report

TOWN OF ECRU, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
September 30, 2005

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Tom Todd	Mayor	Western Surety Co.	\$10,000
Gretchin Moody	Town Clerk	Western Surety Co.	\$50,000
Brad Hamlin	Marshall	Western Surety Co.	\$25,000

See accountant's compilation report.