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TOWN OF MONTICELLO

AUDIT REPORT

SEPTEMBER 30, 2005

TOWN OF MONTICELLO
For the Year Ended September 30, 2005

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Special Report on Agreed-Upon Procedures for Small Municipalities (Towns)

To the Mayor and Board of Aldermen
 Town of Monticello, Mississippi

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

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

Bank	Fund	Balance Per: General Ledger
AM South	General	416,968
First Bank	General	3,852
AM South	Water & Sewer Proprietary	34,295

2. We physically examined securities held for investment. Securities held in trust were confirmed directly with respective trustees. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972).

Certificates of Deposit:

General Funds:

2.83% Certificate of Deposit, dated February 3, 2005 Matures April 03, 2006. (0047445696) AmSouth - Sales Tax	25,000
2.86% Certificate of Deposit, dated September 16, 2005 Matures June 14, 2006. (0056191987) AmSouth - Fire Fund	30,000
2.09% Certificate of Deposit, dated February 18, 2005 Matures November 18, 2005. (9060) State Bank - Sales Tax	21,580
Variable Certificate of Deposit, dated September 26, 2005 Matures October 3, 2005. (47446013) AmSouth - Sales Tax	101,507
Total Investments	178,087

3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
 - a. Verify use of certified county assessment rolls and trace levies to governing body minutes;
 - b. Examined uncollected taxes for proper handling, including tax sales;
 - c. Traced distribution of taxes collected to proper funds; and
 - d. Analyzed increase in taxes for most recent period for completion with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, and uncollected taxes were determined to be properly handled.

Ad valorem tax collections were found to be within the limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

Ad valorem tax collections for retirement of general obligation debt was found to be sufficient for payment of current principal and interest in accordance with limitations imposed by Sections 21-33-87 and 21-33-303, Miss. Code Ann. (1972).

4. We obtained a statement of payments made by the Department of Finance and Administration to the Town of Monticello. Payments indicated were traced to deposit in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>Ledger Amount</u>
Sales Tax	General	405,972
Homestead Exemption Reimbursement	General	24,486
Grand Gulf Nuclear Plant	General	20,896
Econ Development Grant	General	27,406
Public Facilities Grant	General	9,955
Gasoline Tax	General	4,854
Fire Protection	General	8,131
Law Enforcement	General	3,000
Public Safety	General	1,735
Municipal Aid	General	900
Other – Miscellaneous	General	234

5. We selected a sample of purchases made by the Town of Monticello during the fiscal year. Each sample item was evaluated for compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code Ann. (1972), as applicable.

The sample consisted of the following:

Number of Sample Items	27
Total Dollar Value of Sample	\$127,492

We found the Town of Monticello's purchasing procedures to be in agreement with the requirements of the above-mentioned sections.

6. We have read the Municipal Compliance Questionnaire completed by the Town of Monticello. The completed

survey indicated no instances of noncompliance with the state requirements.

Because the above procedures do not constitute an audit in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts or classes of transactions referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe the items specified in Paragraphs 1, 2, and 3 should be adjusted. Had we performed additional procedures or had we conducted an audit of the financial statements in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to you. This report should not be associated with the financial statements of the Town of Monticello, Mississippi, for the year ended September 30, 2005.

Charles R. Hart
Certified Public Accountant

March 10, 2006
Wesson, Mississippi

Charles R. Hart
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Compilation Report

Town of Monticello
Mayor and Board of Aldermen
Monticello, Mississippi

I have compiled the accompanying statement of revenues and expenses-cash basis for the year ended September 30, 2005, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statement has been prepared on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles.

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

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles.

If the omitted disclosures were included in the financial statement, they might influence the user's conclusions about the Town's results of operations. Accordingly, this financial statement is not designed for those who are not informed about such matters.

Charles R. Hart
Certified Public Accountant

March 10, 2006

Town of Monticello
Statement of Cash Receipts & Disbursements
Governmental and Business-Type Activities
Year Ended September 30, 2005

	Governmental	Business-	(Memo Only)
	Activities	type	
	General	Water & Sewer	Total
RECEIPTS			
Taxes			
General property taxes	346,705		346,705
Property Taxes - prior	9,191		9,191
Penalties and interest on delinquent taxes	4,421		4,421
Licenses and permits			
Privilege licenses	8,496		8,496
Franchise charges - utilities	67,544		67,544
Intergovernmental revenues:			
Federal receipts			
FEMA fire grant	100,257		100,257
Economic Development Grant	27,406		27,406
Public Facilities Grant	9,955		9,955
General municipal aid	5,754		5,754
State shared revenues:			
Homestead exemption reimbursement	24,486		24,486
Sales tax	405,972		405,972
In Lieu of Tax - Grand Gulf	20,896		20,896
Police Fine Rebate	1,735		1,735
Fire insurance premium tax	8,131		8,131
LEA grant	3,000		3,000
County:			
Fire protection	36,699		36,699
Charges for services:			
Atwood Water Park	26,833		26,833
Water, Sewer, & Garbage		468,311	468,311
Fines & forfeits	100,201		100,201
Miscellaneous receipts	37,908	4,112	42,020
	<u>1,245,590</u>	<u>472,423</u>	<u>1,718,013</u>

**Town of Monticello
Statement of Cash Receipts & Disbursements
Governmental and Business-Type Activities
Year Ended September 30, 2005**

	Governmental Activities	Business-type Activities	(Memo Only)
	General	Water & Sewer	Total
DISBURSEMENTS			
General government	276,439		276,439
Public safety			
Police	297,713		297,713
Streets	148,360		148,360
Fire	230,898		230,898
Municipal court	45,485		45,485
Culture & recreation			
Recreation	53,632		53,632
Enterprise			
Water & Sewer		261,591	261,591
Garbage fees		132,180	132,180
Debt service - principal & interest	53,772	113,545	167,317
Capital outlay	178,136		178,136
Other non-operating disbursements	15,602		15,602
	<hr/>	<hr/>	<hr/>
Total Disbursements	1,300,037	507,316	1,807,353

Town of Monticello
Statement of Cash Receipts & Disbursements
Governmental and Business-Type Activities
Year Ended September 30, 2005

	Governmental Activities	Business- type Activities	(Memo Only)
	General	Water & Sewer	Total
Excess(Deficiency) of receipts over disbursements	(54,447)	(34,893)	(89,340)
OTHER FINANCING SOURCES (USES)			
Railroad in lieu of taxes			
MRHA in lieu of taxes	1,153		1,153
Other non-revenue receipts	46,933		46,933
Sale of Timber	49,934		49,934
Grants- GP	30,000		30,000
Interest earned	5,592		5,592
	133,612	-0-	133,612
Total other financing resources (Uses)			
Excess (Deficiency) of receipts and other financing sources over disbursements and other financing uses	79,165	(34,893)	44,272
Cash Basis Fund Balance -			
Beginning of Year	519,742	69,188	588,930
Cash Basis Fund Balance -			
End of Year	598,907	34,295	633,202

The accompanying notes are an integral part of this financial statement.

Town of Monticello, Mississippi Notes to the Financial Statement Year Ended September 30, 2005

Note A: Summary of Significant Accounting Policies

General Information

The Town of Monticello, Mississippi, operates under the Mayor/Board of Alderman form of government and provides services as authorized by law.

Reporting Entity

The financial statement of the Town consists of all the funds of the Town.

Fund Accounting

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity.

Basis of Accounting

The financial statement is prepared on a cash receipts and disbursements basis, as prescribed by the Mississippi State Department of Audit. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Due to and from other funds are recorded for control purposes.

Note B: Report Classifications

Receipts and disbursements were classified according to requirements for small towns in the State of Mississippi as prescribed by the Office of the State Auditor.

**Town of Monticello
Schedule of Long-Term Debt
Year Ended September 30, 2005**

	Balance Outstanding Oct. 1, 2004	Transactions During Fiscal Year		Balance Outstanding Sept. 30, 2005
		Issued	Redeemed	
Great Southern Leasing				
New Fire Truck	131,058		15,405	115,653
Cap Loan, Water & Sewer Improvement	64,952		64,952	-0-
AmSouth Bank Dump Truck	40,192		40,192	-0-
AmSouth Bank Tractor	12,274		12,274	-0-
State Bank Police Car	6,989		6,989	-0-
State Bank Tractor/Backhoe	13,740		8,144	5,596
Total Long-Term Debt	269,205	-0-	147,956	121,249

The accompanying notes are an integral part of this financial statement.

**Town of Monticello
Schedule of Surety Bonds Coverage
Year Ended September 30, 2005**

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
David Nichols	Mayor	St. Paul Surety	50,000
Willard Griffin	Police Chief	St. Paul Surety	50,000
Ruth Spicer	City Clerk	St. Paul Surety	50,000
Deborah Lea	Deputy Clerk	St. Paul Surety	10,000
Nell Jenkins	Court Clerk	St. Paul Surety	10,000
Gajuena Ward	Deputy Court Clerk	St. Paul Surety	10,000

The accompanying notes are an integral part of this financial statement.