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CITY OF MENDENHALL, MISSISSIPPI

Audited Financial Statements

For the Year Ended September 30, 2010

CITY OF MENDENHALL, MISSISSIPPI

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CITY OF MENDENHALL, MISSISSIPPI

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Board of Aldermen
City of Mendenhall, Mississippi

I have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Mendenhall, Mississippi as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Mendenhall, Mississippi's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinions.

As discussed in Note 1, the City of Mendenhall, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Mendenhall, Mississippi, as of September 30, 2010, and the respective changes in cash basis financial position thereof for the year then ended in conformity with the basis of accounting described in Note 1.

The Budgetary Comparison Schedules referred to in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I 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, I did not audit the information and express no opinion on it.

The City of Mendenhall, Mississippi has not presented Management's Discussion and Analysis that is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board.

City of Mendenhall, Mississippi
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My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mendenhall's basic financial statements. The supplementary information referred to in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on it.

A handwritten signature in black ink, appearing to read "Charles Robert Prince". The signature is written in a cursive style with a large initial "C" and "P".

Charles Robert Prince
June 29, 2011

CITY OF MENDENHALL, MISSISSIPPI

FINANCIAL STATEMENTS

City of Mendenhall, Mississippi
Statement of Activities and Net Assets - Cash Basis
As of and For the Year Ended September 30, 2010

	Program cash receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental Activities:							
General government	\$ 650,055	\$ 247,167	\$	\$ 30,813	\$ (372,075)	\$	\$ (372,075)
Culture and recreation	92,055				(92,055)		(92,055)
Economic development	19,200				(19,200)		(19,200)
Public safety	589,745	1,250		6,887	(581,608)		(581,608)
Public works	506,249	166,593			(339,656)		(339,656)
Interest on long-term debt	22,552				(22,552)		(22,552)
Total Governmental Activities	<u>1,879,856</u>	<u>415,010</u>	<u>0</u>	<u>37,700</u>	<u>(1,427,146)</u>	<u>0</u>	<u>(1,427,146)</u>
Business-type activities:							
Water/Sewer	501,567	502,663		43,695		44,791	44,791
Interest on long-term debt	8,565					(8,565)	(8,565)
Total Business-type Activities	<u>510,132</u>	<u>502,663</u>	<u>0</u>	<u>43,695</u>	<u>0</u>	<u>36,226</u>	<u>36,226</u>
Total Government	\$ <u>2,389,988</u>	\$ <u>917,673</u>	\$ <u>0</u>	\$ <u>81,395</u>	\$ <u>(1,427,146)</u>	\$ <u>36,226</u>	\$ <u>(1,390,920)</u>
General Receipts							
Taxes:							
Property taxes					\$ 402,890	\$	\$ 402,890
Road and Bridge					38,437		38,437
Rail Car taxes					6,650		6,650
Sales tax					615,833		615,833
Gasoline Taxes					7,184		7,184
Franchise taxes					68,898		68,898
Homestead Reimbursement					39,051		39,051
Grants and contributions not restricted to specific programs					106,384		106,384
Unrestricted investment income					19,644	4,146	23,790
Miscellaneous					18,153		18,153
Sale of Fixed Assets					77,181		77,181
Transfers					27,219	(27,219)	0
Total General Receipts					<u>1,427,524</u>	<u>(23,073)</u>	<u>1,404,451</u>
Change in net assets					\$ 378	\$ 13,153	\$ 13,531
Net Assets - Beginning					661,211	149,940	811,151
Net Assets - Ending					\$ <u>661,589</u>	\$ <u>163,093</u>	\$ <u>824,682</u>

The notes to the financial statements are an integral part of this statement.

City of Mendenhall, Mississippi
Statement of Activities and Net Assets - Cash Basis
As of and For the Year Ended September 30, 2010

(Continued)

	Program cash receipts			Net (Disbursements) Receipts and Changes in Net Assets			
	Cash <u>Disbursements</u>	Charges for <u>Services</u>	Operating Grants and <u>Contributions</u>	Capital Grants and <u>Contributions</u>	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
ASSETS							
Cash and cash equivalents					\$ 364,544	\$ 163,093	\$ 527,637
Restricted cash					297,045		297,045
Total Assets					<u>\$ 661,589</u>	<u>\$ 163,093</u>	<u>\$ 824,682</u>
NET ASSETS							
Restricted - Expendable:							
Restricted for fire protection					\$ 279,129	\$	\$ 279,129
Restricted for debt service					18		18
Restricted for special projects					41		41
Restricted for public safety					12,109		12,109
Restricted for unemployment compensation					5,748		5,748
Unrestricted					364,544	163,093	527,637
Total Net Assets					<u>\$ 661,589</u>	<u>\$ 163,093</u>	<u>\$ 824,682</u>

The notes to the financial statements are an integral part of this statement.

City of Mendenhall, Mississippi
Statement of Cash Basis Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
As of and For the Year Ended September 30, 2010

	Governmental Activities				
	Major Funds				
	General Fund	Municipal Fire Fund	Solid Waste Fund	Other Governmental Funds	Total
RECEIPTS					
Ad valorem taxes	\$ 359,084	\$ 1,851	\$ 41,955	\$ -	\$ 402,890
Penalties and interest	3,785				3,785
Rail Car taxes	6,650				6,650
License and permits	14,417				14,417
Franchise taxes on utilities	68,898				68,898
Grand Gulf payments in lieu of tax	28,561				28,561
Intergovernmental revenues:					
Federal revenues:					
Public safety grants	6,887				6,887
Grants				30,813	30,813
State shared revenues:					
Sales taxes	615,833				615,833
General municipal aid	1,326				1,326
Fire insurance rebate		13,915			13,915
Other fire insurance rebate		444			444
Homestead Reimbursement	34,806	180	4,065		39,051
Wireless Communication	5,365				5,365
Police Reimbursement	3,000				3,000
Attorney General	442				442
Gasoline Taxes	7,184				7,184
Local shared revenues:					
Fire allocation		33,121			33,121
Pearl River Basin Development District	12,500				12,500
Simpson county schools	5,127				5,127
Town of D'Lo		2,583			2,583
1/2 Road and bridge taxes	38,437				38,437

The notes to the financial statements are an integral part of this statement.

City of Mendenhall, Mississippi
Statement of Cash Basis Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
As of and For the Year Ended September 30, 2010

(Continued)

	Governmental Activities				
	Major Funds				
	General Fund	Municipal Fire Fund	Solid Waste Fund	Other Governmental Funds	Total
Charges for services					
Garbage	\$ -	\$ -	\$ 166,593	\$ -	\$ 166,593
Fines and forfeits	228,190				228,190
Seizures				1,250	1,250
Rent	4,560				4,560
Sale of fixed assets	26,629	50,000	552		77,181
Interest income	12,104	4,781	956	1,803	19,644
Miscellaneous revenue	9,282	313	4,136	637	14,368
Total Receipts	\$ 1,493,067	\$ 107,188	\$ 218,257	\$ 34,503	\$ 1,853,015

The notes to the financial statements are an integral part of this statement.

City of Mendenhall, Mississippi
Statement of Cash Basis Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
As of and For the Year Ended September 30, 2010

(Continued)

	Governmental Activities				
	Major Funds				
	General Fund	Municipal Fire Fund	Solid Waste Fund	Other Governmental Funds	Total
DISBURSEMENTS					
General government	\$ 449,735	\$ -	\$ -	\$ -	\$ 449,735
Public safety	560,714	15,490		19	576,223
Culture and recreation	92,055				92,055
Economic development	19,200				19,200
Public works	278,746		165,283		444,029
Refunds				8,135	8,135
Water and sewer utility					
Total Disbursements	\$ 1,400,450	\$ 15,490	\$ 165,283	\$ 8,154	\$ 1,589,377
Excess of Receipts over (under) Disbursements	\$ 92,617	\$ 91,698	\$ 52,974	\$ 26,349	\$ 263,638
OTHER CASH SOURCES (USES)					
Purchase of capital assets	\$ (157,664)	\$ -	\$ (2,010)	\$ -	\$ (159,674)
Capital outlay - Grants				(30,813)	(30,813)
Transfers	(18,994)			46,213	27,219
Principal paid on loans	(3,708)	(13,522)	(45,210)	(15,000)	(77,440)
Interest paid on loans	(1,483)	(1,894)	(6,956)	(12,219)	(22,552)
Total Other Cash Sources and (Uses)	\$ (181,849)	\$ (15,416)	\$ (54,176)	\$ (11,819)	\$ (263,260)
Excess (Deficiency) of receipts and other cash sources over disbursements and other cash uses	\$ (89,232)	\$ 76,282	\$ (1,202)	\$ 14,530	\$ 378

The notes to the financial statements are an integral part of this statement.

City of Mendenhall, Mississippi
Statement of Cash Basis Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
As of and For the Year Ended September 30, 2010

(Continued)

	Governmental Activities				
	Major Funds				
	General Fund	Municipal Fire Fund	Solid Waste Fund	Other Non-Major Funds	Total
CASH BASIS FUND BALANCE-Beginning of Year	\$ 412,553	\$ 202,847	\$ 35,617	\$ 10,194	\$ 661,211
CASH BASIS FUND BALANCE-End of Year	\$ 323,321	\$ 279,129	\$ 34,415	\$ 24,724	\$ 661,589
CASH BASIS FUND BALANCES - End of Year					
Reserved-fire protection	\$ -	\$ 279,129	\$ -	\$ -	\$ 279,129
Reserved-debt service				18	18
Reserved-special projects				41	41
Reserved-public safety				12,109	12,109
Reserved-unemployment compensation				5,748	5,748
Unreserved	323,321		34,415	6,808	364,544
Total Cash Basis Fund Balances	\$ 323,321	\$ 279,129	\$ 34,415	\$ 24,724	\$ 661,589

The notes to the financial statements are an integral part of this statement.

City of Mendenhall, Mississippi
Statement of Cash Basis Net Assets and
Cash Receipts, Disbursements and Changes in Cash Basis Net Assets
Business-type Funds
As of and For the Year Ended September 30, 2010

	Business-type Activities		
	Major Funds		
	Water & Sewer Fund	CDBG Fund	Total
RECEIPTS			
Grants	\$ 785	\$ 42,910	\$ 43,695
Charges for services			
Garbage			
Water and sewer	502,663		502,663
Interest income	4,146		4,146
Total Receipts	<u>\$ 507,594</u>	<u>\$ 42,910</u>	<u>\$ 550,504</u>
DISBURSEMENTS			
Water and sewer utility	\$ 413,000		\$ 413,000
Total Disbursements	<u>\$ 413,000</u>	<u>\$ -</u>	<u>\$ 413,000</u>
OTHER CASH SOURCES (USES)			
Purchase of capital assets	\$ (12,885)	\$ -	\$ (12,885)
Capital outlay - Grants		(42,910)	(42,910)
Transfers	(27,219)		(27,219)
Principal paid on loans	(32,772)		(32,772)
Interest paid on loans	(8,565)		(8,565)
Total Other Cash Sources and (Uses)	<u>\$ (81,441)</u>	<u>\$ (42,910)</u>	<u>\$ (124,351)</u>
Excess (Deficiency) of receipts and other cash sources over disbursements and other cash uses	<u>\$ 13,153</u>	<u>\$ -</u>	<u>\$ 13,153</u>

The notes to the financial statements are an integral part of this statement.

City of Mendenhall, Mississippi
Statement of Cash Basis Net Assets and
Cash Receipts, Disbursements and Changes in Cash Basis Net Assets
Business-type Funds
As of and For the Year Ended September 30, 2010

(Continued)

	<u>Business-type Activities</u>		
	<u>Major Funds</u>		
	Water & Sewer Fund	CDBG Fund	Total
CASH BASIS NET ASSETS-Beginning of Year	\$ 149,940	\$ -	\$ 149,940
CASH BASIS NET ASSETS-End of Year	<u>\$ 163,093</u>	<u>\$ -</u>	<u>\$ 163,093</u>
CASH BASIS NET ASSETS - End of Year			
Cash and cash equivalents	\$ 163,093	\$ -	\$ 163,093
Total Cash Basis Net Assets	<u>\$ 163,093</u>	<u>\$ -</u>	<u>\$ 163,093</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MENDENHALL, MISSISSIPPI

**Notes to Financial Statements
September 30, 2010**

Note 1. Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

The City of Mendenhall, Mississippi, (the City) was incorporated in 1905. The City operates under an alderman/mayor form of government and provides all of the rights and privileges provided by statute for municipalities.

The financial statements of the City have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

B. Government-wide and Fund Financial Statements.

The government-wide financial statements (i.e., the Statement of Activities and Net Assets – cash basis) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The City combines the Statement of Activities and Statement of Net Assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct disbursements* are those that are clearly identifiable with a specific function or segment. *Program receipts* include (1) receipts from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as *general receipts*.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation.

The government-wide financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when collected and disbursements are recorded when cash is spent.

Governmental fund financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recognized as soon as they are collected. Disbursements generally are recorded when cash is spent.

Amounts reported as *program receipts* include (1) receipts from customers or applicants for goods, services or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general receipts* rather than as program receipts.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF MENDENHALL, MISSISSIPPI

**Notes to Financial Statements
September 30, 2010**

Note 1. Summary of Significant Accounting Policies. (Continued)

The city reports the following major Governmental Funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Municipal Fire Fund* is used to account for the all financial resources of the fire department.

The *Solid Waste Fund* is used to account for the all financial resources of the solid waste department.

The city reports the following major Business-type Funds:

The *Water and Sewer Fund* is used to account for all financial resources of the water and sewer department.

The *CDBG Fund* is used to account for all financial resources of the CDBG grant project.

D. Assets and Net Assets or Equity.

1. Cash and Investments.

The government's cash and cash equivalents are considered to be cash on hand or invested in certificates of deposit, which are short-term highly liquid investments that are readily convertible to cash. All cash deposits are reported at carrying amount (cost) which reasonably estimates fair market value. State law authorizes the City to invest in interest bearing time certificates of deposits with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state.

2. Fund Equity.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2. Defined Benefit Pension Plan.

Plan Description: The City of Mendenhall, Mississippi contributes to the Public Employees' 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 Employees' Retirement System, PERS Building, at 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% from October 1, 2009 through June 30, 2010 and 9% from July 1, 2010 through September 30, 2010 of their annual covered salary and the City of Mendenhall, Mississippi 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 and may be amended only by the State of Mississippi Legislature. The City of Mendenhall, Mississippi's contributions to PERS for the years ended September 30, 2010, 2009 and 2008 were \$131,187, \$113,752, and \$115,913, respectively, which is equal to the required contributions for each year.

CITY OF MENDENHALL, MISSISSIPPI

Notes to Financial Statements September 30, 2010

Note 2. Defined Benefit Pension Plan. (Continued)

Membership in PERS is a condition of employment for all eligible employees of the State of Mississippi, public schools, institutions of higher learning, community and junior colleges, and eligible employees of municipalities, counties and other political subdivisions and instrumentalities of municipal and county government that have entered into a Membership Agreement approved by the PERS Board of Trustees (Board).

Note 3. Contingencies.

Litigation - The City of Mendenhall, Mississippi is not a defendant in any lawsuits at this time.

Federal Grants - The City has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the City.

Note 4. Deposits and Investments.

Deposits:

The carrying amount of the City's total deposits with financial institutions at September 30, 2010, was \$824,682, and the bank balance was \$836,247. 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.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the City. 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 City. As of September 30, 2010, none of the City's bank balance of \$836,247 was exposed to custodial credit risk.

Credit Risk - State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e) Miss. Code Ann. (1972). The City does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Concentration of Credit Risk - Disclosures of investments by amount and issuer for any issuer that represents five percent or more of the total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of September 30, 2010, the City had no investments other than Certificates of Deposits.

CITY OF MENDENHALL, MISSISSIPPI

**Notes to Financial Statements
September 30, 2010**

Note 5. Property Tax Revenues.

State statutes exist under which the Board of Aldermen may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the City. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Aldermen, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Note 6. Claims and Judgments.

Risk Management.

The City 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 City carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in this fiscal year.

Note 7. Subsequent Events.

The City has evaluated events and transactions for potential recognition or disclosure through June 29, 2011, which is the date the financial statements were available to be issued.

Cash Collection Review – As of the date of the report, there is an ongoing review by the State Department of Audit in regards to public safety citation collections.

CITY OF MENDENHALL, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

City of Mendenhall, Mississippi
Budgetary Comparison Schedule -
Budget and Actual
General Fund
For the Year Ended September 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
RECEIPTS				
Ad valorem taxes	\$ 349,300	\$ 359,084	\$ 359,084	\$ 0
Rail car tax	3,000	6,650	6,650	0
Road and Bridge	26,000	38,437	38,437	0
Franchise taxes	85,500	68,898	68,898	0
License and permits	19,550	14,417	14,417	0
Intergovernmental receipts	703,430	692,470	692,470	0
In lieu of taxes	28,000	28,561	28,561	0
Fines and forfeits	169,100	228,038	228,190	152
Miscellaneous	82,285	56,360	56,360	0
Total Receipts	<u>\$ 1,466,165</u>	<u>\$ 1,492,915</u>	<u>\$ 1,493,067</u>	<u>\$ 152</u>
EXPENDITURES				
General government	\$ 459,666	\$ 465,959	\$ 449,735	\$ 16,224
Public safety	532,538	560,716	560,714	2
Culture and recreation	99,850	92,059	92,055	4
Economic development	19,300	19,200	19,200	0
Public works	229,005	278,746	278,746	0
Debt service:				0
Principal	3,700	3,708	3,708	0
Interest	1,095	1,483	1,483	0
Total Expenditures	<u>\$ 1,345,154</u>	<u>\$ 1,421,871</u>	<u>\$ 1,405,641</u>	<u>\$ 16,230</u>
Excess of Receipts over (under) Expenditures	<u>121,011</u>	<u>71,044</u>	<u>87,426</u>	<u>16,382</u>
OTHER CASH SOURCES (USES)				
Capital expenditure	\$ (121,011)	\$ (157,664)	\$ (157,664)	0
Transfer	0	(18,994)	(18,994)	0
Total Other Cash Sources and Uses	<u>(121,011)</u>	<u>(176,658)</u>	<u>(176,658)</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	0	(105,614)	(89,232)	16,382
Cash Basis Fund Balances - Beginning	<u>412,553</u>	<u>412,553</u>	<u>412,553</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 412,553</u>	<u>\$ 306,939</u>	<u>\$ 323,321</u>	<u>\$ 16,382</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

City of Mendenhall, Mississippi
Budgetary Comparison Schedule -
Budget and Actual
Municipal Fire Fund
For the Year Ended September 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
RECEIPTS				
Ad valorem taxes	\$ 2,160	\$ 1,851	\$ 1,851	\$ 0
Intergovernmental receipts	47,142	50,243	50,243	0
Miscellaneous	3,250	55,094	55,094	0
Total Receipts	<u>\$ 52,552</u>	<u>\$ 107,188</u>	<u>\$ 107,188</u>	<u>\$ 0</u>
EXPENDITURES				
Public safety	\$ 29,817	\$ 15,490	\$ 15,490	\$ 0
Debt service:				
Principal	13,400	13,522	13,522	0
Interest	835	1,894	1,894	0
Total Expenditures	<u>\$ 44,052</u>	<u>\$ 30,906</u>	<u>\$ 30,906</u>	<u>\$ 0</u>
Excess of Receipts over (under) Expenditures	<u>8,500</u>	<u>76,282</u>	<u>76,282</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Capital expenditure	\$ 8,500	\$	\$	\$
Total Other Cash Sources and Uses	<u>8,500</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	17,000	76,282	76,282	0
Cash Basis Fund Balances - Beginning	<u>202,847</u>	<u>202,847</u>	<u>202,847</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 219,847</u>	<u>\$ 279,129</u>	<u>\$ 279,129</u>	<u>\$ 0</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

City of Mendenhall, Mississippi
Budgetary Comparison Schedule -
Budget and Actual
Solid Waste Fund
For the Year Ended September 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
RECEIPTS				
Ad valorem taxes	\$ 43,855	\$ 41,954	\$ 41,955	\$ 1
Garbage	173,100	166,564	166,593	29
Intergovernmental receipts	4,200	4,065	4,065	0
Miscellaneous	2,600	5,644	5,644	0
Total Receipts	<u>\$ 223,755</u>	<u>\$ 218,227</u>	<u>\$ 218,257</u>	<u>\$ 30</u>
EXPENDITURES				
Public works	\$ 171,587	\$ 165,966	\$ 165,283	\$ 683
Debt service:				
Principal	45,210	45,210	45,210	0
Interest	6,958	6,958	6,956	2
Total Expenditures	<u>\$ 223,755</u>	<u>\$ 218,134</u>	<u>\$ 217,449</u>	<u>\$ 685</u>
Excess of Receipts over (under) Expenditures	<u>0</u>	<u>93</u>	<u>808</u>	<u>715</u>
OTHER CASH SOURCES (USES)				
Capital expenditure	\$	\$ (2,010)	\$ (2,010)	\$ 0
Total Other Cash Sources and Uses	<u>0</u>	<u>(2,010)</u>	<u>(2,010)</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	0	(1,917)	(1,202)	745
Cash Basis Fund Balances - Beginning	<u>35,617</u>	<u>35,617</u>	<u>35,617</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 35,617</u>	<u>\$ 33,700</u>	<u>\$ 34,415</u>	<u>\$ 745</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

CITY OF MENDENHALL, MISSISSIPPI

**Notes to the Required Supplementary Information
For the Year Ended September 30, 2010**

A. Budgetary Information.

Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Aldermen of the City, using historical and anticipated fiscal data, prepares an original budget for each of the governmental funds for said fiscal year. The completed budget for the fiscal year includes every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Aldermen that budgetary estimates will not be met, it may make revisions to the budget.

The City's budget is prepared on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) presents the original adopted budget, the final adopted budget, actual amounts on a budgetary (Non-GAAP) basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major special revenue fund.

The Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

C. Budget Reconciliation.

As discussed in Note 1, the financial statements are prepared on the basis of cash receipts and disbursements which is the same as the basis used for budget preparation.

CITY OF MENDENHALL, MISSISSIPPI

SUPPLEMENTARY INFORMATION

City of Mendenhall, Mississippi
Schedule of Changes in Long-term Debt
For the year Ended September 30, 2010

<u>Description</u>	<u>Outstanding Balance October 1, 2009</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding Balance Sept. 30, 2010</u>
Bond issued				
General obligation bond issue-Peoples Bank	\$ 295,000	\$	15,000	\$ 280,000
Total general obligation bonds	295,000		15,000	280,000
Other long-term debt				
Note payable-PriorityOne	47,500		11,219	36,281
Note payable-Peoples Bank	33,991		33,991	
State of Mississippi - CAP Loan	570,281		50,002	520,279
TOTAL	<u>\$ 946,772</u>	<u>\$</u>	<u>110,212</u>	<u>\$ 836,560</u>

City of Mendenhall, Mississippi
Schedule of Investments - All Funds
September 30, 2010

Special Revenue Fund

Municipal Fire Fund:

1.90% Certificate of Deposit, Dated June 13, 2010
Due June 13, 2012 \$ 183,906

Unemployment Fund:

1.49% Certificate of Deposit, Dated March 28, 2010
Due March 28, 2011 5,748

Total Investments \$ 189,654

City of Mendenhall, Mississippi
Schedule of Surety Bonds for Municipal Officials and Employees
September 30, 2010

Position	Company	Coverage
Alderman	Travelers	\$ 50,000
Mayor	RLI Insurance	25,000
City Clerk	RLI Insurance	50,000
Deputy City Clerk	RLI Insurance/Western Surety	50,000
Notary	RLI Insurance	5,000
Police Chief	RLI Insurance	50,000
Court Clerk	RLI Insurance	50,000
Dispatcher/Deputy Court Clerk	RLI Insurance	50,000

City of Mendenhall, Mississippi
Schedule of Capital Assets
For the year Ended September 30, 2010

Description	Beginning Balance October 1, 2009	Increases	Decreases	Ending Balance Sept. 30, 2010
Governmental activities:				
Capital Assets:				
Land	\$ 130,406	\$ -	\$ -	\$ 130,406
Buildings	684,631	-	-	684,631
Equipment	1,571,796	159,674	248,839	1,482,631
Infrastructure	235,715	-	-	235,715
Total Governmental activities capital assets	\$ 2,622,548	\$ 159,674	\$ 248,839	\$ 2,533,383
Business-type activities:				
Capital Assets:				
Land	\$ 19,625	\$ -	\$ -	\$ 19,625
Equipment	3,852,334	12,885	12,444	3,852,775
Total Business-type activities capital assets	\$ 3,871,959	\$ 12,885	\$ 12,444	\$ 3,872,400

CITY OF MENDENHALL, MISSISSIPPI

SPECIAL REPORTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH STATE LAWS AND REGULATIONS**

Honorable Mayor and
Members of the Board of Aldermen
City of Mendenhall, Mississippi

I have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Mendenhall, Mississippi, as of and for the year ended September 30, 2010, and have issued my report thereon dated June 29, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the procedures prescribed by the Office of the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, I 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 my audit, accordingly, I do express such an opinion.

Due to the reduced scope, these compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. The results of my compliance tests and my audit of the financial statements of the governmental activities, the business-type activities, the major funds and the aggregate remaining fund information disclosed no material instances of noncompliance with state laws and regulations.

This report is intended solely for the information and use of the City's management 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.



Charles Robert Prince
June 29, 2011