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Town of Ethel
Financial Statements
Year Ended September 30, 2003

*Dungan CPA Company
120 South Natchez Street
Kosciusko, Mississippi 39090*

Town of Ethel
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Town of Ethel
Financial Section
September 30, 2003

Dungan CPA Co.

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SPECIAL REPORT ON AGREED-UPON PROCEDURES FOR SMALL TOWNS

December 19, 2003

Honorable Mayor and Board of Aldermen
Ethel, Mississippi

I have applied certain agreed-upon procedures, as discussed below, to the accounting records of Ethel, Mississippi, as of September 30, 2003, 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 Ethel, 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:

Bank	Fund	Balance Per General Ledger
Merchants & Farmers	General	\$39,124
Merchants & Farmers	General	2,914
Merchants & Farmers	General	13,390
Merchants & Farmers	Utility	50,360
Merchants & Farmers	Utility	10,038
Merchants & Farmers	Utility	11,837
Merchants & Farmers	Special Revenue	16,261

2. I 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).

and The distribution of taxes to funds was found to be in accordance with prescribed tax levies, 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. Coed Ann. (1972).

Ad valorem tax collections for the 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).

3. I obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated were traced to deposits in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

Payment Purpose	Receiving Fund	General Ledger Amount
Fire Protection Allocation	General Fund	\$2,043
General Municipal Aid	General Fund	236
Gasoline Tax	General Fund	1,255
Homestead Exemption	General Fund	3,581
Payments Nuclear Plant	General Fund	2,706
Sales Tax Allocation	General Fund	6,451
Other Aid to Municipalities	General Fund	124,739

4. 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 Title 31, Chapter 7, Miss. Code Ann. (1972), as applicable.

The sample consisted of the following:

Number of Sample Items	77
Total Dollar Value of Sample	\$33,162

I found the municipality's purchasing procedures to be in agreement with the requirements of the above-mentioned sections.

5. I have read the Municipal Compliance Questionnaire completed by the municipality. The completed survey indicated no instances of noncompliance with state requirements.

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 statement 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 Ethel, Mississippi, for the year ended September 30, 2003.

Dungan CPA Company
December 19, 2003

Dungan CPA Co.

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120 S Natchez Street
Kosciusko, MS 39090

Telephone 662-289-9007
Fax 662-289-6644

Honorable Mayor and Board of Alderman
Town of Ethel, Mississippi

I have compiled the accompanying statement of cash receipts and disbursements - all fund types as of September 30, 2003, and for the year then ended, in accordance with *Statements on Standards for Accounting and Review Services* established by the American Institute of Certified Public Accountants.

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 statements and, accordingly, do not express an opinion or any other form of assurance on them.

Dungan CPA Co
December 19, 2003

TOWN OF ETHEL
Notes to Financial Statements
September 30, 2003

Note 1 - Summary of significant accounting policies

The town operates under the mayor/board of alderman form of government and provides services as authorized by law.

Reporting Entity:

The financial statement for 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 Office of the State Auditor. Consequently, certain revenues are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred.

Note 2 – 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 Ethel

**Supplemental Section
September 30, 2003**

Town of Ethel, Mississippi
Schedule of Investments-All Funds
For the Fiscal Year ended September 30, 2003

<u>Ownership</u>	<u>Type of Investment</u>	<u>Interest Rate</u>	<u>Acquisition Date</u>	<u>Maturity Date</u>	<u>Other Information</u>	<u>Investment Value</u>
None						

Town of Ethel, Mississippi
Schedule of Long-Term Debt
For the Fiscal Year ended September 30, 2003

<u><i>Definition & Purpose</i></u>	<u><i>Balance Outstanding October 1, 2002</i></u>	<u><i>Issued</i></u>	<u><i>Redeemed</i></u>	<u><i>Balance Outstanding September 30, 2003</i></u>
GMAC	183,531		6,344	177,187
M & F Bank	20,025		6,455	13,570
M & F Bank		20,000	2,622	17,378

Town of Ethel, Mississippi
Schedule of Surety Bonds for Town Officials
September 30, 2003

<u><i>Name</i></u>	<u><i>Position</i></u>	<u><i>Surety</i></u>	<u><i>Bond Amount</i></u>
Ophelia Mitchell	Mayor	MS Municipal	\$25,000
Annette Sanders	City Clerk	Farm Bureau	65,000
Annette McDaniel	Alderman	MS Municipal	5,000
Larry Morgan	Alderman	MS Municipal	5,000
Anthony Barksdale	Alderman	MS Municipal	5,000
Lydia Fair	Alderman	MS Municipal	5,000
Larry Ray	Alderman	MS Municipal	5,000

Town of Ethel, Mississippi
Schedule of Expenditures of Federal Awards
For The Year Ended September 30, 2003

Federal Grantor / Pass-through Grantor / <u>Program Title</u>	Catalog of Federal Domestic <u>Assistance Number</u>	Pass-through <u>Number</u>	Program <u>Amount</u>	Federal <u>Revenue</u>	<u>Expenditures</u>
CDBG	14.219	00-180-PF-01	299,309	122,239	122,239

**Town of Ethel
P O Box 35
Ethel, Mississippi 39192**

Office of the State Auditor
P O Box 956
Jackson, MS 39205

Re: Annual Municipal Compilation

Accompanying this letter are two copies of the annual compilation of the Town of Ethel, Mississippi, for the fiscal year ended September 30, 2003. A separate management letter was not written to the town in connection with this audit.

Sincerely,

Ophelia Mitchell