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TOWN OF NEW HOULKA, MISSISSIPPI
ANNUAL COMPILATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

W. KEITH POUNDS, LTD

Certified Public Accountant

444 East Madison Street
Houston, Mississippi 38851

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Board of Aldermen
Town of New Houlka, Mississippi
P. O. Box 192
Houlka, Mississippi 38850

I have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of New Houlka, Mississippi, as of September 30, 2006, 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 that the report is solely for the use of the governing body of the Town of New Houlka, 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 balance in the respective general ledger accounts and obtained confirmation of the related balances from the banks:

Bank	Fund	Balance per General Ledger
BancorpSouth	General	\$ 36,142.49
	Fire Department	4,887.06
	Christmas Parade Account	371.76
	Clearing Account	6,398.72
Total General Fund		\$ 47,800.03
BancorpSouth	Employment Golden Savings	\$ 1,740.75
	Park Project Account	115.79
Total Special Revenue Fund		\$ 1,856.54
BancorpSouth	Waterwell Project Account	1,000.21
Total Capital Projects Fund		\$ 1,000.21
BancorpSouth	Waterworks Bond Cushion Reserves	\$ 18,394.47
Total Debt Service Fund		\$ 18,394.47
BancorpSouth	Waterworks and Sewer Revenue	\$ 65,443.07
	Public Funds Water Meter Deposits	3,765.30
Total Proprietary Fund		\$ 69,208.37

2. I 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).

Security	Fund	General Ledger Cost
Certificate of Deposit	Proprietary	\$ 91,734.03
Certificate of Deposit	Proprietary (Meter Deposits)	17,000.00
Total		\$ 108,734.03

3. I performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
- Verify use of certified county assessment rolls and trace levies to governing body minutes;
 - Examined uncollected taxes for proper handling, including tax sales;
 - Traced distribution of taxes collected to proper funds; and
 - 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 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).

4. I obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated were traced to deposit 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	\$ 3,610.64
General Municipal Aid	General	370.07
Gasoline Tax	General	1,996.76
TVA Payments in Lieu	General	7,347.91
Sales Tax Allocation	General	103,205.56
Homestead Exemption	General	6,956.45
Dept. of Wildlife & Fisheries	General	8,679.41
Law Enforcement Assistance	General	3,000.00
FEMA Emergency Management	General	9,058.21

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

The sample consisted of the following:

Number of Sample Items	Dollar Value of Sample
30	\$ 51,378.05

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

6. 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 that the times 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 New Houka, Mississippi, for the year ended September 30, 2006.



W. Keith Pounds
Certified Public Accountant

January 5, 2006

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ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and Board of Alderman
Town of New Houlka, Mississippi
P. O. Box 192
Houlka, Mississippi 38850

The accompanying Combined Statement of Revenues, Expenses, and Fund Balances (All Funds) – Cash Basis, Schedule of Long-Term Debt, and Schedule of Surety Bonds for town officials of the Town of New Houlka, Mississippi, for the year ended September 30, 2006, were compiled by me in accordance with Standards Established 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.

My compilation is limited to presenting in the form prescribed by the Mississippi State Department of Audit information that is the representation of the town officials. I have not audited or reviewed the accompanying statements and, accordingly, do not express an opinion or any other form of assurance on them.

These statements are presented in accordance with the requirements of the Mississippi State Department of Audit and exclude the Statement of Assets, Liabilities and Equity – Cash Basis and substantially all of the disclosures ordinarily included in financial statements. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's Assets, Liabilities, Equity, Revenues and Expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.



W. Keith Pounds
Certified Public Accountant

January 5, 2006

Town of New Houlka, Mississippi
Notes to the Financial Statements
September 30, 2006

Note A: Summary of Significant Accounting Policies

General Information

The town operates under the Mayor – Board of Aldermen 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 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 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 NEW HOULKA, MISSISSIPPI
SCHEDULE OF INVESTMENTS - ALL FUNDS
SEPTEMBER 30, 2006

OWNERSHIP	TYPE OF INVESTMENT	INTEREST RATE	ACQUISITION DATE	MATURITY DATE	OTHER INFORMATION	INVESTMENT COST/VALUE
Proprietary	Certificate of Deposit	4.50%	12/27/2005	12/27/2006	BancorpSouth	\$ 91,734.03
Proprietary	Certificate of Deposit	4.75%	6/7/2006	12/7/2006	BancorpSouth	\$ 17,000.00

**TOWN OF NEW HOULKA, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICERS
SEPTEMBER 30, 2006**

NAME	POSITION	SURETY	BOND AMOUNT
Josephine Higginbotham	Mayor	Brierfield Insurance	\$ 50,000
Gay Williams	City Clerk	St Paul	\$ 50,000
Fred Wilson	Alderman	MS Municipal Bond Program	\$ 5,000
R. A. Easley	Alderman	MS Municipal Bond Program	\$ 5,000
Beverly Davidson	Alderman	MS Municipal Bond Program	\$ 5,000
Johnny Butler	Alderman	MS Municipal Bond Program	\$ 5,000
David Wiggs	Alderman	MS Municipal Bond Program	\$ 5,000

TOWN OF NEW HOULKA, MISSISSIPPI
SCHEDULE OF LONG-TERM & SHORT-TERM DEBT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

DEFINITION AND PURPOSE	BALANCE OUTSTANDING OCTOBER 1, 2005	TRANSACTIONS DURING FISCAL YEAR		BALANCE OUTSTANDING SEPTEMBER 30, 2006
		ISSUED	REDEEMED	
Long-Term Debt:				
Water and Sewer Revenue Bonds:				
Rural Development	81,847.30	0.00	10,241.84	71,605.46
Rural Development	57,743.29	0.00	6,773.77	50,969.52
Rural Development	87,280.93	0.00	3,341.19	83,939.74
Rural Development	400,334.83	0.00	6,355.77	393,979.06
Total Revenue Bonds	627,206.35	0.00	26,712.57	600,493.78
Other Long-Term Debt:				
BancorpSouth - Computer	0.00	14,890.00	3,446.04	11,443.96
BancorpSouth - Police Cars	20,843.10	0.00	9,641.49	11,201.61
Total Other Long-Term Debt	20,843.10	14,890.00	13,087.53	22,645.57
Short-Term Debt:				
BancorpSouth - Land (Due 04-06-2006)	10,000.00	0.00	5,000.00	5,000.00
Total Debt:	658,049.45	14,990.00	44,800.10	628,139.35

TOWN OF NEW HOULKA, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	PROPRIETARY FUND	TOTALS	
						(MEMORANDUM ONLY)	
						9/30/2006	9/30/2005
REVENUE RECEIPTS:							
General Property Taxes	94,191.53	0.00	0.00	0.00		94,191.53	91,809.01
Penalties and Interest on Delinquent Taxes	775.39	0.00	0.00	0.00		775.39	654.91
Licenses and Permits	132.56	0.00	0.00	0.00		132.56	1,033.40
Rail Car Tax	490.00	0.00	0.00	0.00		490.00	490.14
Franchise Tax on Utilities	8,218.73	0.00	0.00	0.00		8,218.73	6,344.17
TVA Housing	4,840.43	0.00	0.00	0.00		4,840.43	4,760.15
INTERGOVERNMENTAL REVENUES:							
<u>Federal Revenue:</u>							
CDBG Grant - Street Project	0.00	0.00	0.00	0.00		0.00	89,744.93
Department of Wildlife	8,679.41	0.00	0.00	0.00		8,679.41	16,141.71
Storm Shelter Grant	0.00	0.00	0.00	0.00		0.00	5,000.00
FEMA Emergency Management Grant	9,058.21	0.00	0.00	0.00		9,058.21	0.00
<u>State Shared Revenues:</u>							
Sales Tax	103,206.44	0.00	0.00	0.00		103,206.44	91,072.03
Gasoline Tax	1,996.46	0.00	0.00	0.00		1,996.46	1,996.76
Fire Protection	3,610.64	0.00	0.00	0.00		3,610.64	3,344.64
Homestead Exemption	6,956.45	0.00	0.00	0.00		6,956.45	6,156.82
TVA Payments in Lieu of Taxes	7,347.91	0.00	0.00	0.00		7,347.91	7,217.37
General Municipal Aid	370.37	0.00	0.00	0.00		370.37	370.07
Utility Relocation	0.00	0.00	0.00	0.00		0.00	163,516.34
Homeland Security	0.00	0.00	0.00	0.00		0.00	6,126.72
Law Enforcement Assistance	3,000.00	0.00	0.00	0.00		3,000.00	0.00
CHARGES FOR SERVICES:							
Water and Sewer Revenue	0.00	0.00	0.00	0.00	302,568.62	302,568.62	293,920.85
Rentals	3,735.00	0.00	0.00	0.00	0.00	3,735.00	3,810.00
Bushhogging	0.00	0.00	0.00	0.00	0.00	0.00	225.00
FINES AND FORFEITS:							
Fines	13,973.03	0.00	0.00	0.00	0.00	13,973.03	12,008.86
OTHER RECEIPTS:							
Interest Income	1,199.67	7.78	0.21	28.50	1,672.07	2,908.23	1,345.55
Insurance Refunds	0.00	0.00	0.00	0.00	0.00	0.00	232.95
Bank Charge Refunds	0.00	30.00	0.00	0.00	0.00	30.00	396.50
Donations	150.00	0.00	0.00	0.00	0.00	150.00	125.00
Meter Deposits	0.00	0.00	0.00	0.00	1,710.00	1,710.00	3,245.00
BancorpSouth - Financing - Computers	14,890.00	0.00	0.00	0.00	0.00	14,890.00	0.00
BancorpSouth - Financing - Land	0.00	0.00	0.00	0.00	0.00	0.00	10,000.00
Transfers	1,961.33	100.00	1,000.00	22,275.00	28,573.19	53,909.52	71,707.55
Surplus Property Sales	0.00	0.00	0.00	0.00	0.00	0.00	500.00
Miscellaneous	1,950.92	0.00	0.00	0.00	0.00	1,950.92	1,091.22
TOTAL RECEIPTS	290,734.48	137.78	1,000.21	22,303.50	334,523.88	648,699.85	894,387.65
Cash Balance - Beginning	59,015.01	2,713.00	93.78	15,890.97	23,727.92	101,440.68	125,241.49
Certificate of Deposit	0.00	0.00	0.00	0.00	82,336.33	82,336.33	67,566.32
TOTAL AMOUNT TO ACCOUNT FOR	349,749.49	2,850.78	1,093.99	38,194.47	440,586.12	832,376.86	1,087,195.46

TOWN OF NEW HOULKA, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	PROPRIETARY FUND	TOTALS (MEMORANDUM ONLY)	
						9/30/2006	9/30/2005
OPERATING DISBURSEMENTS:							
General Government (Executive and Financial)	101,168.84	0.00	0.00	0.00	0.00	101,168.84	83,003.70
Public Safety:							
Police	82,421.65	0.00	0.00	0.00	0.00	82,421.65	66,945.95
Fire	7,828.56	0.00	0.00	0.00	0.00	7,828.56	2,005.61
Highways and Streets	40,401.69	0.00	0.00	0.00	0.00	40,401.69	22,700.41
Health	0.00	0.00	0.00	0.00	0.00	0.00	491.46
Library	0.00	0.00	0.00	0.00	0.00	0.00	2,748.10
Parks and Recreation	1,559.67	0.00	0.00	0.00	0.00	1,559.67	3,432.73
Utilities for Public Property	13,478.17	0.00	0.00	0.00	0.00	13,478.17	18,061.27
Water and Sewer Expense	0.00	0.00	0.00	0.00	179,657.34	179,657.34	241,708.16
Interest	2,388.77	0.00	0.00	0.00	33,228.53	35,617.30	35,015.68
TOTAL OPERATING DISBURSEMENTS	249,247.35	0.00	0.00	0.00	212,885.87	462,133.22	476,113.07
OTHER DISBURSEMENTS:							
Meter Deposit Refunds	0.00	0.00	0.00	0.00	731.60	731.60	2,215.00
Bank Charges	62.73	0.00	0.00	0.00	98.60	161.33	430.33
Bank Loan Repayment	18,087.53	0.00	0.00	0.00	0.00	18,087.53	9,876.74
Bond and Loan Retirement	0.00	0.00	0.00	0.00	26,712.57	26,712.57	26,653.76
Transfers	10,804.41	994.24	93.78	19,800.00	22,217.09	53,909.52	71,707.55
Capital Additions:							
Street Improvements	0.00	0.00	0.00	0.00	0.00	0.00	94,744.93
Park Improvements	0.00	0.00	0.00	0.00	0.00	0.00	27,790.50
Fire Department Equipment	0.00	0.00	0.00	0.00	0.00	0.00	2,058.72
Land	0.00	0.00	0.00	0.00	0.00	0.00	10,000.00
Storm Shelter	0.00	0.00	0.00	0.00	0.00	0.00	6,955.00
Homeland Safety Equipment	0.00	0.00	0.00	0.00	0.00	0.00	1,263.82
Police Video System	0.00	0.00	0.00	0.00	0.00	0.00	2,990.00
Utility Relocation	0.00	0.00	0.00	0.00	0.00	0.00	163,715.23
Water Line (new)	0.00	0.00	0.00	0.00	0.00	0.00	6,903.80
Radios	4,970.00	0.00	0.00	0.00	0.00	4,970.00	0.00
6' Gator Mower	450.00	0.00	0.00	0.00	0.00	450.00	0.00
Pick-up (Simmons)	2,800.00	0.00	0.00	0.00	0.00	2,800.00	0.00
Computer System	15,527.44	0.00	0.00	0.00	0.00	15,527.44	0.00
TOTAL OTHER DISBURSEMENTS	52,702.11	994.24	93.78	19,800.00	49,759.86	123,349.99	427,305.38
TOTAL DISBURSEMENTS	301,949.46	994.24	93.78	19,800.00	262,645.73	585,483.21	903,418.45
Cash Balance - Ending	47,800.03	1,856.54	1,000.21	18,394.47	69,208.37	138,259.62	101,440.68
Certificate of Deposit	0.00	0.00	0.00	0.00	108,734.03	108,734.03	82,336.33
TOTAL AMOUNT ACCOUNTED FOR	349,749.49	2,850.78	1,000.00	38,194.47	440,588.13	855,476.96	1,087,195.46