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**Town of Montrose, Mississippi
Statement of Cash Receipts
and Disbursements
For the Year Ended September 30, 2010**

RECEIVED

MAY 05 2011

**Town of Montrose, Mississippi
Year Ended September 30, 2010**

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HOLT & ASSOCIATES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

W. DAVID DELL, CPA, CGFM

JULIE M. UHER, CPA

H. I. HOLT, CPA
FOUNDER (1915 - 1997)

Honorable Mayor and Board of Alderman
Town of Montrose
Montrose, Mississippi

We have compiled the accompanying Cash Receipts and Disbursements – All Funds of the Town of Montrose for the year ended September 30, 2010, and the accompanying supplementary information – cash basis contained in Schedules 1 through 3, which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. This 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. We have not audited or reviewed the accompanying statement of cash receipts and disbursements – all funds 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 ordinarily included in a financial statement prepared on the cash basis of accounting. If the omitted disclosures were included in the financial statement, 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.

Holt & Associates

March 31, 2011



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May 2, 2011

State Dept of Audit
P.O. Box 956
Jackson, MS 39205

We have completed the compilation of the financial statements with agreed upon procedures on the Town of Montrose for the years ended September 30, 2010 and have enclosed two copies as you requested.

Let us know if anything further is needed.

Sincerely,

HOLT & ASSOCIATES, PLLC


David Dill

Town of Montrose, Mississippi

Statement of Cash Receipts and Disbursements Governmental and Business-Type Activities For the Year Ended September 30, 2010

	Governmental <u>Activities</u> <u>General Fund</u>	Business-Type <u>Activities</u> <u>Water Fund</u>	<u>Totals</u>
Receipts			
General property taxes	\$ 5,652	\$ -	\$ 5,652
Licenses and permits			
Franchise charges - utilities	5,558	-	5,558
Intergovernmental receipts			
State revenues			
General municipal aid	65	-	65
Homestead exemption reimbursement	622	-	622
Capital grants	17,600	3,938	21,538
State shared revenues			
Sales and gasoline taxes	9,060	-	9,060
County share revenues			
Rail car taxes	909	-	909
Charges for services			
Water utility	-	53,163	53,163
Interest	-	506	506
Total receipts	<u>39,466</u>	<u>57,607</u>	<u>97,073</u>

Town of Montrose, Mississippi

Statement of Cash Receipts and Disbursements Governmental and Business-Type Activities For the Year Ended September 30, 2010

	Governmental <u>Activities</u> <u>General Fund</u>	Business-Type <u>Activities</u> <u>Water Fund</u>	<u>Totals</u>
Disbursements			
General government			
Personnel	\$ 1,410	\$ -	\$ 1,410
Commodities	32,450	-	32,450
Contractual	1,850	-	1,850
Debt service			
Principal	-	30,130	30,130
Interest	-	1,655	1,655
Enterprise			
Personnel	-	14,399	14,399
Commodities	-	18,880	18,880
Contractual	-	6,516	6,516
Total disbursements	<u>35,710</u>	<u>71,580</u>	<u>107,290</u>
Excess (deficiency) of receipts over disbursements	<u>3,756</u>	<u>(13,973)</u>	<u>(10,217)</u>
Other Financing Sources (Uses)			
Loan proceeds	24,000	-	24,000
Other	7,627	-	7,627
Capital outlay	<u>(23,977)</u>	<u>(3,938)</u>	<u>(27,915)</u>
Total other financing sources (uses)	<u>7,650</u>	<u>(3,938)</u>	<u>3,712</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	11,406	(17,911)	(6,505)
Cash Basis Fund Balance - Beginning of Year	<u>5,477</u>	<u>54,904</u>	<u>60,381</u>
Cash Basis Fund Balance - End of Year	<u>\$ 16,883</u>	<u>\$ 36,993</u>	<u>\$ 53,876</u>

Town of Montrose, Mississippi

Selected Notes to the Financial Statements September 30, 2010

Note A: Summary of Significant Accounting Policies

General Information

The Town operates under the mayor/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 separated accounting entity.

Basis of Accounting

The financial statement is prepared on a cash receipts and disbursement 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 Montrose, Mississippi
Schedule 1
Schedule of Capital Assets
For the Year Ended September 30, 2010

	<u>Balance</u> <u>10/1/2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>9/30/2010</u>
Governmental Activities:				
Buildings and infrastructure	\$ -	\$ 14,949	\$ -	\$ 14,949
Machinery and equipment	<u>-</u>	<u>9,028</u>	<u>-</u>	<u>9,028</u>
Total Governmental Activities Capital Assets	<u>\$ -</u>	<u>\$ 23,977</u>	<u>\$ -</u>	<u>\$ 23,977</u>
Business-Type Activities:				
Water system	\$ 423,973	\$ -	\$ -	\$ 423,973
Machinery and equipment	25,140	-	-	25,140
Construction in progress	<u>219,197</u>	<u>3,938</u>	<u>-</u>	<u>223,135</u>
Total Business-Type Activities Capital Assets	<u>\$ 668,310</u>	<u>\$ 3,938</u>	<u>\$ -</u>	<u>\$ 672,248</u>

Town of Montrose, Mississippi
Schedule 2
Schedule of Long-Term Debt
For the Year Ended September 30, 2010

<u>Institution</u>	<u>Definition & Purpose</u>	<u>Balance at 10/1/2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 9/30/2010</u>
Capmark Finance Inc.	Water System	\$ 16,459	\$ -	\$ 1,844	\$ 14,615
Newton County Bank	Water System	16,563	-	4,286	12,278
Newton County Bank	Recreation Improvements	-	24,000	24,000	-
		<u>\$ 33,022</u>	<u>\$ 24,000</u>	<u>\$ 30,130</u>	<u>\$ 26,893</u>

Town of Montrose, Mississippi
Schedule 3
Schedule of Surety Bonds of Municipal Officials
September 30, 2010

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Carl Matthews	Mayor	South Group	\$ 10,000
Ed Nix	Town Clerk	South Group	\$ 60,000
Tim Bean	Water Manager	South Group	\$ 10,000
Jenelle Nix	Alderwoman	Clyde C. Scott Insurance	\$ 5,000
Robin Lowe	Alderwoman	Clyde C. Scott Insurance	\$ 5,000
Edna Pugh	Alderwoman	Clyde C. Scott Insurance	\$ 5,000
Kenneth Smith	Alderman	Clyde C. Scott Insurance	\$ 5,000
Michael Wedgeworth	Alderman	Clyde C. Scott Insurance	\$ 5,000



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Special Report on Agree-Upon Procedures for Small Towns

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

We have performed certain agreed-upon procedures as discussed below, to the accounting records of the town of Montrose, Mississippi, as of September 30, 2010 and for the year then ended, as required by the Office of 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 Montrose, 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:

<u>Bank</u>	<u>Fund</u>	<u>General Ledger Balance</u>
Newton County Bank	General	\$ 16,883
Newton County Bank	General	\$ -
Newton County Bank	Water	\$ 2,676
Newton County Bank	Water	\$ 1,490
Newton County Bank	Water	\$ 3,447

2. We examined certificates of deposit held for investment. The investments were confirmed directly with the bank. All investment transactions were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972)

<u>Fund</u>	<u>Interest Rate</u>	<u>Acquisition Date</u>	<u>Maturity Date</u>	<u>Bank</u>	<u>Ledger Cost</u>
Water	1.20%	6/7/2010	5/7/2011	Newton County Bank	\$ 29,380

3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
 - a. Traced levies to governing body minutes;
 - b. Traced distribution of taxes collected to proper funds; and
 - c. Analyzed increase in taxes for most recent period for compliance with increase limitations of Sections 27-39-320 through 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with prescribed tax levies.

Ad valorem tax collections were within the limitations of Section 27-39-320 to 27-39-323, Miss. Code, 1972, Ann.

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

<u>Purpose</u>	<u>Fund</u>	<u>Amount</u>
Sales and gasoline tax allocation	General	\$ 9,060
Homestead exemption reimbursement	General	\$ 622
General municipal aid	General	\$ 65
Capital grants	General	\$ 21,538

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

The sample consisted of the following:

Number of Sample Items - 20
Dollar Value of Sample - \$33,907

We found the Town's purchasing procedures to be in agreement with the requirements of the above-mentioned sections (except as follows).

- a. There was one instance in which an invoice could not be found to substantiate the purchase.

6. We have read the Municipal Compliance Questionnaire completed by the Town. The following responses to the questionnaire indicate noncompliance with state requirements.

- a. The town has not conducted an annual inventory of its assets in accordance with guidelines established by the Office of the State Auditor.

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 Montrose, Mississippi, for the year ended September 30, 2010.



March 31, 2011