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**TOWN OF MONTROSE, MISSISSIPPI**

**STATEMENT OF CASH RECEIPTS  
AND DISBURSEMENTS**

**YEAR ENDED SEPTEMBER 30, 2011**

**RECEIVED**

**JUL 09 2012**

**TOWN OF MONTROSE, MISSISSIPPI**

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**HOLT & ASSOCIATES, PLLC**

CERTIFIED PUBLIC ACCOUNTANTS

W. DAVID DILL, CPA, CGFM

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FOUNDER (1915 - 1997)

## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

We have compiled the accompanying statement of cash receipts and disbursements-governmental and business type activities of the Town of Montrose, Mississippi as of September 30, 2011, and the accompanying supplementary information – cash basis contained in schedules 1, 2, and 3 which are for supplemental analysis purposes. 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. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

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, the financial statements are not designed for those who are not informed about such matters.

*Holt & Associates*

June 29, 2012

**TOWN OF MONTROSE, MISSISSIPPI**

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2011**

	Governmental Activities General Fund	Business-Type Activities Water Fund	Totals
<b>RECEIPTS</b>			
General property taxes	\$ 5,489	\$ -	\$ 5,489
Licenses and permits			
Franchise charges - utilities	4,607	-	4,607
Intergovernmental receipts			
State revenues			
General municipal aid	66	-	66
Homestead exemption reimbursement	647	-	647
Capital grants	7,876	-	7,876
State shared revenues			
Sales and gasoline taxes	8,474	-	8,474
County shared revenues			
Rail car taxes	924	-	924
Charges for services			
Water utility	-	65,598	65,598
Interest	-	239	239
Total receipts	<u>28,083</u>	<u>65,837</u>	<u>93,920</u>
<b>DISBURSEMENTS</b>			
General government			
Personnel	1,330	-	1,330
Commodities	29,093	-	29,093
Contractual	2,225	-	2,225
Debt service			
Principal	1,900	11,995	13,895
Interest	19	1,327	1,346
Enterprise			
Personnel	-	14,098	14,098
Commodities	-	22,614	22,614
Contractual	-	3,610	3,610
Total disbursements	<u>34,567</u>	<u>53,644</u>	<u>88,211</u>
Excess (deficiency) of receipts over disbursements	<u>(6,484)</u>	<u>12,193</u>	<u>5,709</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Loan proceeds	1,900	6,100	8,000
Capital outlay	(13,277)	(6,100)	(19,377)
Other	2,539	914	3,453
Transfers	5,000	(5,000)	-
Total other financing sources (uses)	<u>(3,838)</u>	<u>(4,086)</u>	<u>(7,924)</u>
Excess (deficiency) of receipts and other financing sources over disbursements disbursements and other financing uses	<u>(10,322)</u>	<u>8,107</u>	<u>(2,215)</u>
<b>CASH BASIS FUND BALANCE - BEGINNING OF YEAR</b>	<u>16,883</u>	<u>36,993</u>	<u>53,876</u>
<b>CASH BASIS FUND BALANCE - END OF YEAR</b>	<u>\$ 6,561</u>	<u>\$ 45,100</u>	<u>\$ 51,661</u>

See accompanying notes and accountant's compilation report

## **TOWN OF MONTROSE, MISSISSIPPI**

### **SELECTED INFORMATION – Substantially All Disclosures Required by the Cash Basis of Accounting are not included YEAR ENDED SEPTEMBER 30, 2011**

#### **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  
YEAR ENDED SEPTEMBER 30, 2011**

	<u>Balance at 10-1-2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Completed Construction</u>	<u>Balance at 9-30-2011</u>
<b>Governmental Activities:</b>					
Buildings and infrastructure	\$ 14,949	\$ 13,277	\$ -	\$ -	\$ 28,226
Machinery and equipment	9,028	-	-	-	9,028
<b>Total Governmental Activities Capital Assets</b>	<u>\$ 23,977</u>	<u>\$ 13,277</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,254</u>
<b>Business-Type Activities:</b>					
Buildings and infrastructure	\$ 423,973	\$ 6,100	\$ -	\$ 223,135	\$ 653,208
Machinery and equipment	25,140	-	-	-	25,140
Construction in progress	223,135	-	-	(223,135)	-
<b>Total Governmental Activities Capital Assets</b>	<u>\$ 672,248</u>	<u>\$ 6,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 678,348</u>

See accountant's compilation report



**TOWN OF MONTROSE, MISSISSIPPI**

**SCHEDULE 2  
SCHEDULE OF LONG-TERM DEBT  
YEAR ENDED SEPTEMBER 30, 2011**

<u>Institution</u>	<u>Definition &amp; Purpose</u>	<u>Balance at 10-1-2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 9-30-2011</u>
Berkadia Commercial	Water System	\$ 14,615	\$ -	\$ (1,509)	\$ 13,106
Newton County Bank	Water System	12,278	-	(4,386)	7,892
Newton County Bank	Recreation Improvements	-	8,000	(8,000)	-
		<u>\$ 26,893</u>	<u>\$ 8,000</u>	<u>\$ (13,895)</u>	<u>\$ 20,998</u>

See accountant's compilation report

**TOWN OF MONTROSE, MISSISSIPPI**

**SCHEDULE 3  
SCHEDULE OF SURETY BONDS OF MUNICIPAL OFFICIALS  
YEAR ENDED SEPTEMBER 30, 2011**

<u>Name</u>	<u>Positon</u>	<u>Surety</u>	<u>Bond Amount</u>
Carl Matthews	Mayor	South Group	\$ 10,000
James 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

See accountant's compilation report



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## SPECIAL REPORT ON AGREED-UPON PROCEDURES FOR SMALL TOWNS

To the Honorable 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, 2011 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:

Financial Institution	Fund	General Ledger Balance	
Newton County Bank	General	\$	6,561
Newton County Bank	Water	\$	8,695
Newton County Bank	Water	\$	4,743
Newton County Bank	Water	\$	2,048

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

Financial Institution	Fund	Interest Rate	Acquisition Date	Maturity Date	Ledger Cost
Newton County Bank	Water	0.70%	6/7/2011	5/7/2012	\$ 29,614

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.

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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

Purpose	Fund		Amount
Sales and gasoline taxes	General	\$	8,474
Homestead exemption	General	\$	647
General municipal aid	General	\$	66
Capital grants	General	\$	7,876

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 - \$32,418

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 two instances 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 held a public hearing and published its adopted budget.

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, 2011.



June 29, 2012