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2nd
time
mailed
Dec 2006

Town of Ethel
Financial Statements
Year Ended September 30, 2006

RECEIVED
OCT 05 2007
STATE AUDITOR'S OFFICE

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

Town of Ethel
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Town of Ethel
Financial Section
September 30, 2006

Dungan CPA Co.

Kenny Dungan, CPA
120 S Natchez Street
Kosciusko, MS 39090

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

SPECIAL REPORT ON AGREED-UPON PROCEDURES FOR SMALL TOWNS

November 28, 2006

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, 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 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 | \$48,333 |
| Merchants & Farmers | General | 721 |
| Merchants & Farmers | General | 5,875 |
| Merchants & Farmers | Utility | 43,709 |
| Merchants & Farmers | Utility | 400 |
| Merchants & Farmers | Utility | 17,535 |
| Merchants & Farmers | Utility | 10,232 |
| Merchants & Farmers | Special Revenue | 7,502 |

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).

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).

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 | \$2,299 |
| General Municipal Aid | General Fund | 236 |
| Gasoline Tax | General Fund | 1,243 |
| Homestead Exemption | General Fund | 4,567 |
| Payments Nuclear Plant | General Fund | 2,640 |
| Sales Tax Allocation | General Fund | 9,350 |
| Other Aid to Municipalities | General Fund | 30,494 |

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:

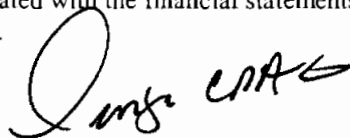
| | |
|------------------------------|----------|
| Number of Sample Items | 65 |
| Total Dollar Value of Sample | \$20,334 |

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 Ethei, Mississippi, for the year ended September 30, 2006.

Dungan CPA Company
November 28, 2006



Dungan CPA Co.

Kenny Dungan, CPA
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, 2006, 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.

A handwritten signature in black ink that reads "Dungan CPA Co". The signature is written in a cursive, flowing style.

Dungan CPA Co
November 28, 2006

Town of Ethel, Mississippi
COMBINED STM OF CASH RECEIPTS AND DISBURSEMENTS
 For the Fiscal Year Ended September 30, 2006

Governmental Funds

| | General | Special Revenue | Capital Projects | Proprietary Funds | Fiduciary Funds | Totals (Memorandum Only) 2006 | Totals (Memorandum Only) 2005 |
|------------------------------------|-------------------|-----------------|------------------|-------------------|------------------|-------------------------------|-------------------------------|
| Revenue Receipts: | | | | | | | |
| General Property Taxes | \$ 7,175 | | | | | 7,175 | \$ 24,482 |
| Intergovernmental Revenues: | | | | | | | |
| Grants | 4,618 | | | | | 4,618 | |
| CDBG | | 6,028 | | | | 6,028 | |
| Fire Protection Grant | 0 | 0 | | | | 0 | 19,714 |
| County Fire Protection | 4,500 | | | | | 4,500 | 3,521 |
| County Roads | 1,044 | | | | | 1,044 | 5,301 |
| State Shared Revenue: | | | | | | | |
| Sales Tax | 9,350 | | | | | 9,350 | 7,706 |
| Gasoline Tax | 1,243 | | | | | 1,243 | 1,243 |
| Franchise | 5,520 | | | | | 5,520 | 7,496 |
| Nuclear Plant Income | 2,640 | | | | | 2,640 | 2,743 |
| Fire Protection Allocation | 2,299 | | | | | 2,299 | 2,129 |
| Homestead Exemption | 4,567 | | | | | 4,567 | 4,042 |
| General Aid to Municipalities | 20,111 | | | | | 20,111 | 236 |
| Charges for Services: | | | | 75,568 | | 75,568 | 66,433 |
| Water & Sewer Utility | | | | | 21,094 | | |
| Other Receipts: | | | | | | | |
| Other General Fund Revenue | 13,405 | | | | | | |
| Permits | 192 | | | | | 192 | 63,654 |
| Interest | 163 | | | | | 163 | 0 |
| Total Receipts | <u>76,826</u> | <u>6,028</u> | <u>0</u> | <u>75,568</u> | <u>21,094</u> | <u>179,516</u> | <u>208,788</u> |
| Cash Balance-Beginning of Year | 58,999 | 0 | | 51,403 | 13,388 | 123,790 | 129,855 |
| Total Amount to Account For | <u>\$ 135,825</u> | <u>\$ 6,028</u> | <u>\$ 0</u> | <u>\$ 126,971</u> | <u>\$ 34,481</u> | <u>\$ 303,306</u> | <u>\$ 338,643</u> |

Town of Ethel, Mississippi
COMBINED STM OF CASH RECEIPTS AND DISBURSEMENTS
 For the Fiscal Year Ended September 30, 2006

Governmental Funds

| | General | Special Revenue | Capital Projects | Proprietary Funds | Fiduciary Funds | Totals (Memorandum Only) 2006 | Totals (Memorandum Only) 2005 |
|--|-------------------|-----------------|------------------|-------------------|------------------|-------------------------------|-------------------------------|
| Operating Disbursements | | | | | | | |
| General Government (Exec and Financial) | \$ 50,231 | | | | | 50,231 | \$ 42,501 |
| Public Safety | | | | | | | |
| Police | 2,323 | | | | | 2,323 | 1,311 |
| Fire | 0 | | | | 26,979 | 26,979 | 77,105 |
| Enterprises | | | | | | | |
| Water & Sewer Utility | | | | 45,745 | | 45,745 | 72,241 |
| Loan Repayments | 374 | | | 9,352 | | 9,726 | 0 |
| Capitalization | 27,969 | 0 | | 0 | | 27,969 | 26,696 |
| Grant Expenditures | | 6,028 | | | | 6,028 | |
| Total Disbursements | <u>80,896</u> | <u>6,028</u> | <u>0</u> | <u>55,097</u> | <u>26,979</u> | <u>169,000</u> | <u>219,854</u> |
| Cash Balance-End of Year | <u>54,929</u> | <u>0</u> | <u>0</u> | <u>71,875</u> | <u>7,502</u> | <u>134,306</u> | <u>123,790</u> |
| Total Amount Account For | <u>\$ 135,825</u> | <u>\$ 6,028</u> | <u>\$ 0</u> | <u>\$ 126,971</u> | <u>\$ 34,481</u> | <u>\$ 303,306</u> | <u>\$ 343,643</u> |

TOWN OF ETHEL
Notes to Financial Statements
September 30, 2006

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, 2006

Town of Ethel, Mississippi
Schedule of Investments-All Funds
For the Fiscal Year ended September 30, 2006

| <u>Ownership</u> | <u>Type of Investment</u> | <u>Interest Rate</u> | <u>Acquisition Date</u> | <u>Maturity Date</u> | <u>Investment Value</u> |
|------------------|---------------------------|----------------------|-------------------------|----------------------|-------------------------|
| Town of Ether | CD | 4.57% | | | \$10,232 |

Town of Ethel, Mississippi
Schedule of Long-Term Debt
For the Fiscal Year ended September 30, 2006

| <u>Definition & Purpose</u> | <u>Balance Outstanding</u> <u>October 1, 2005</u> | <u>Issued</u> | <u>Redeemed</u> | <u>Balance Outstanding</u> <u>September 30, 2006</u> |
|---------------------------------|--|---------------|-----------------|---|
| GMAC | 163,422 | | | 164,202 |
| M & F Bank | 9,602 | | 4,152 | 5,450 |

Town of Ethel, Mississippi
Schedule of Surety Bonds for Town Officials
September 30, 2006

| <u>Name</u> | <u>Position</u> | <u>Surety</u> | <u>Bond Amount</u> |
|-------------------|-----------------|---------------|--------------------|
| Ophelia Mitchell | Mayor | MS Municipal | \$25,000 |
| Annette Sanders | City Clerk | Farm Bureau | 65,000 |
| Paul Stewart | 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 |
| Jerry Parish | Alderman | MS Municipal | 5,000 |

Town of Ethel
P O Box 58
Ethel, Mississippi 39067

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, 2006. A separate management letter was not written to the town in connection with this audit.

Sincerely,

Ophelia Mitchell