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**Town of Glen
Annual Report
September 30, 2006**

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David L. Nichols

Certified Public Accountant PC

Member: American Institute of Certified Public Accountants

P. O. Box 402 305 W. Eastport Street
Iuka, Mississippi 38852-0402

Telephone 662-423-5057
Fax 662-423-5061

David L. Nichols, CPA

Honorable Mayor and Board of Aldermen
Town of Glen
Glen, Mississippi

Accountant's Compilation Report

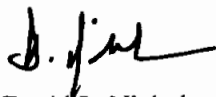
The accompanying combined Statement of Receipts and Disbursements (All Funds) of the Town of Glen, Mississippi for the year ended September 30, 2006, was compiled by me in accordance with standards established by the American Institute of Certified Public Accountants. I have also compiled the following supplemental information:

Schedule of Long-term Debt
Schedule of Surety Bonds for Employees and Elected Officials

This 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 or the supplemental information 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, which differs from generally accepted accounting principles. Accordingly, these statements are not designed for those who are not informed about such differences.

Sincerely,



David L. Nichols
Certified Public Accountant PC

August 14, 2007

**Town of Glen
Statement of Cash Receipts and Disbursements
For the Year Ended September 30, 2005**

Revenue Receipts

Railcar Tax	\$3,808
Payments in Lieu of Taxes	3,059
Licenses and Permits	350
Utility Taxes	3,151
Federal Grants	5,554
State Shared Revenues:	
General Municipal Aid	149
State Grants	63,940
Sales Tax Allocation	20,144
Gasoline Tax	357
Fire Protection Allocation	1,454
Interest Earned	736
Rent Collected	1,000
Other Receipts	614
	<hr/>
Total Receipts	\$104,316
Cash Balance Beginning of Year	14,991
	<hr/>
Total to Account For	<u>\$119,307</u>

Operating Disbursements

General Government	\$16,599
Public Safety	3,567
Note Payments	7,371
Interest Payments	2,718
Capital Outlay	44,797
Transfers	0
	<hr/>
Total Operating Disbursements	\$75,052
Cash Balance End of Year	44,255
	<hr/>
Total Accounted For	<u>\$119,307</u>

See Accountant's Compilation Report.

Town of Glen
Notes to the Financial Statements

Note 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Glen are prepared in conformity with the cash basis of accounting, which differs from generally accepted accounting principles (GAAP). Under this basis of accounting revenues are recorded when cash is received and expenditures/expenses are recorded when cash is disbursed. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles.

Financial statement presentation is in the form prescribed by the Mississippi State Department of Audit and contains information that is the representation of management. The prescribed format used for these statements differs from generally accepted accounting principles.

The more significant of the Town 's accounting policies are described below.

A. Reporting Entity

The Town is small municipality with a population of approximately 286. The municipality operates under the Mayor/Alderman form of government and all Town officials are elected for four-year terms which expire simultaneously. The Town provides the following services: general administration; public works (streets); and economic development.

Discretely Presented Component Units

When applicable, discretely presented component units are reported in separate columns in the combined financial statements to emphasize their legal separation from the government. However, for the year ended September 30, 2005, the Town had no component units.

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The accounts of the Town are organized on the basis of separate funds and account groups which are treated as separate accounting entities. Each utilizes a separate set of self-balancing accounts for assets, liabilities, fund equity, revenues, and expenditures (or expenses, as appropriate). Government resources are allocated to the various funds upon the basis of the purpose for which the resources are to be spent and the means by which the Government's spending activities are controlled. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device used to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

Town of Glen
Notes to the Financial Statements

Note 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Continued

B. Measurement Focus, Basis of Accounting, and Basis of Presentation - Continued

In accordance with the cash basis of accounting, revenues are recognized when received and expenditures/expenses are recorded when cash is disbursed for all funds of the Town.

The following fund types are used by the Town:

Governmental Funds:

General Fund: The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

C. Assets, Liabilities, and Equity

1. Deposits and Investments

The Town invests surplus funds in a money market savings account as is permitted under Mississippi law. This account is a demand account which pays interest monthly.

For the purpose of the Statement of Receipts and Disbursements, cash and cash equivalents include all short-term highly liquid investments with original maturities of three months or less. Instruments considered to be cash equivalents include: Treasury bills, certificates of deposit, money market funds, and cash management pools.

Cash and cash equivalents are held in qualified financial institutions fully insured by the FDIC to 105% of the maximum amount on deposit as required by state statute.

2. Inventory

Inventories of materials and supplies are not material to the Town and are expensed as purchased.

3. Restricted Cash

There were no restrictions on cash or cash equivalents of the Town for the year ended September 30, 2006.

Town of Glen
Notes to the Financial Statements

Note 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Continued

C. Assets, Liabilities, and Equity - Continued

4. Fixed Assets

Fixed assets purchased, including amounts expended for infrastructure, are recorded as capital outlay and are expensed in the governmental and proprietary funds. These purchases are valued at original cost with no depreciation being recorded in accordance with the cash basis of accounting.

5. Capitalization of Interest

Interest costs on debt used for the construction of long-lived assets are charged to capital outlay in proprietary funds. The Town paid no capitalized interest for the year ended September 30, 2006.

A. Budgets

The Town prepares and adopts an annual budget for the general fund in accordance with the cash basis of accounting. The budget acts as the financial plan for the operation of the Town for the ensuing annual period. Revisions may be made to the original budget as necessary with the approval of the Board of Aldermen.

Steps in the budgetary process are as follows:

Revenues which can be expected to be available during the coming fiscal year are estimated. The municipal departmental budgets are submitted for approval by the Board of Aldermen at the July meeting.

The total proposed budget is presented at the August meeting of the Board and is published at least one time during September. At least one public hearing must be held prior to the final adoption of the budget.

The Board, by resolution, adopts and approves the final budget by September 15th and enters it in detail upon the minutes.

The governing body compares actual to budgetary expenditures at each regular monthly meeting and is required by statute to adhere to the limits prescribed by the budget.

Town of Glen
Notes to the Financial Statements

Note 2. **STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

B. Encumbrances

The Town does not employ encumbrance accounting.

C. Property Tax

The Town does not levy taxes on real or personal property.

D. Risk Management

Significant losses of the Town were covered by the Mississippi Municipal Liability Plan for all major programs. For the insured programs, there were no significant reductions in insurance coverage, and settlement amounts did not exceed coverage for the current year.

Note 3. **DETAILED NOTES ON ALL FUNDS**

A. Deposits and Investments

Cash and Cash Equivalents

The Town's demand and interest-bearing deposits were held by the Amsouth Bank of Corinth, Mississippi in the total amount of \$44,255 as of September 30, 2006.

Collateralization of Cash and Cash Equivalents

On September 30, 2006, all cash and cash equivalents were fully secured to 105% by the Federal Deposit Insurance Corporation.

B. Long Term Debt

The Town entered into a financing agreement with the Mississippi Development Authority on October 27, 2003 for \$50,000 to finance the construction of a walking track. The loan bears interest at 2.0% and is to be repaid in 180 monthly payments of \$321.76. Balance on this note at year end totaled \$41,666.

The Town entered into a financing agreement with the Bancorpsouth on February 14, 2003 for \$75,000 to finance the construction of a city hall building. The loan bears interest at 2.99% and is to be repaid in 60 monthly payments of \$519.01. Balance on this note at year end totaled \$59,951.

Town of Glen
Schedule of Long-term Debt

	Beginning Balance	New Issues	Payments	Ending Balance
Bancorpsouth	\$68,552		\$4,236	\$64,316
Miss. Dev. Auth.	47,597		2,936	44,661
	<u>\$116,149</u>	<u>\$0</u>	<u>\$7,172</u>	<u>\$108,977</u>

**Town of Glen
Schedule of Surety Bonds**

<u>Position</u>	<u>Coverage</u>
City Clerk	\$50,000
Alderman	\$ 5,000 each

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David L. Nichols, CPA

Report on Agreed-Upon Procedures

Mayor and Board of Aldermen
Town of Glen
Glen, Mississippi

I have applied certain agreed-upon procedures, as discussed below to the accounting records of the Town of Glen, 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 this report is solely for the use of the Governing Body of the Town of Glen, Mississippi, and the Office of the State Auditor and should not be used for any other purpose. My procedures and findings are as follows:

- A. I reconciled cash on deposit with the following banks to the balances in the respective general ledger accounts. We were unable to obtain confirmation of the related balances from the bank:

<u>Bank</u>	<u>Fund</u>	<u>Book Balance</u>
Amsouth Bank	General	\$44,255

- B. The Town owned no investment securities during the fiscal year ended September 30, 2005.

- C. The Town did not levy taxes on real or personal property.

- D. I obtained a statement of payments made by the Department of Finance and Administration to the municipality. The following payments indicated were traced to deposit in the respective bank accounts and were recorded in the general ledger without exception:

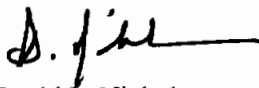
<u>Payment Purpose</u>	<u>Fund</u>	<u>Amount</u>
Gasoline Tax	General	\$ 357
Sales Tax	General	\$20,144
Municipal Aid	General	\$ 149
Fire Protection Allocation	General	\$ 1,454
TVA Payments in Lieu	General	\$ 3,059
Other Aid	General	\$69,491

Town of Glen
Report on Agreed-Upon Procedures
September 30, 2006

- E. We reviewed all expenditures exceeding \$3,500 made by the municipality during the fiscal year totaling \$34,861 for compliance with purchasing requirements set forth in Sections 31-7-1, 31-7-13, 31-7-49, and 31-7-57, Miss. Code Ann. (1972), as applicable. The following were instances of non-compliance with state requirements:
1. The Town failed to obtain bids or quotes for the purchase of radio equipment from Citizens Page for \$5,554.
- F. We read the Municipal Compliance Questionnaire completed by the Town for the year ended September 30, 2006. The responses to the questionnaire indicated no instances of non-compliance with state requirements.

Because my 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 items specified in the preceding paragraphs 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 Glen, Mississippi for the year ended September 30, 2006.

Sincerely,



David L. Nichols
Certified Public Accountant PC

August 14, 2007