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TOWN OF KOSSUTH, MISSISSIPPI
FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2006

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ACCOUNTANTS' COMPILATION REPORT

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

We have compiled the accompanying combined statement of cash receipts and disbursements (all funds) of the Town of Kossuth, Mississippi, (a primary government) for the year ended September 30, 2006, and the accompanying supplementary information contained in the attached schedules, which is 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. 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.

A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplementary schedules and accordingly, do not express an opinion or any other form of assurance on them.

Brawner Vanstory & Company, P.A.

Corinth, Mississippi
August 8, 2007

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

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
REVENUE RECEIPTS			
Franchise Taxes	\$ 2,855	\$ -	\$ 2,855
Interest Income	308	557	865
Miscellaneous Income	-	6	6
Licenses and Permits	125	-	125
Fund Raising Income	-	14,415	14,415
Intergovernmental Revenues:			
County Shared Receipts:			
Fire Protection	-	11,719	11,719
Fire Insurance Premium Tax Distribution	-	6,863	6,863
Grants	-	50,647	50,647
General Municipal Aid (From State)	89	-	89
State Shared Revenues:			
Sales Tax	34,486	-	34,486
Gasoline Tax	468	-	468
Fire Protection	-	865	865
TVA in Lieu Tax	3,358	-	3,358
TOTAL RECEIPTS	<u>41,689</u>	<u>85,072</u>	<u>126,761</u>
CASH BALANCE - BEGINNING OF YEAR	<u>17,539</u>	<u>53,574</u>	<u>71,113</u>
TOTAL AMOUNT TO ACCOUNT FOR	<u>\$ 59,228</u>	<u>\$ 138,646</u>	<u>\$ 197,874</u>
OPERATING DISBURSEMENTS			
General Government	\$ 13,077	\$ -	\$ 13,077
Public Safety:			
Fire	-	23,296	23,296
Public Works	13,886	-	13,886
Debt Service:			
Principal	-	5,137	5,137
Interest	-	935	935
TOTAL OPERATING DISBURSEMENTS	<u>26,963</u>	<u>29,368</u>	<u>56,331</u>
OTHER DISBURSEMENTS:			
Capital Outlay	-	60,594	60,594
Loans and Transfers	-	-	-
TOTAL OTHER DISBURSEMENTS	<u>-</u>	<u>60,594</u>	<u>60,594</u>
TOTAL DISBURSEMENTS	<u>26,963</u>	<u>89,962</u>	<u>116,925</u>
CASH BALANCE - END OF YEAR	<u>32,265</u>	<u>48,684</u>	<u>80,949</u>
TOTAL AMOUNT ACCOUNTED FOR	<u>\$ 59,228</u>	<u>\$ 138,646</u>	<u>\$ 197,874</u>

See accountants' compilation report.

**TOWN OF KOSSUTH, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

NOTE A: Summary of Significant Accounting Policies

General Information

The town operates under the mayor-alderman 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 KOSSUTH, MISSISSIPPI
SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

Schedule of Surety Bonds for Town Officials

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Amount</u>
Don Pace	Mayor	Fidelity and Deposit Company of Maryland	\$ 10,000
Randy Holt	Town Clerk	Fidelity and Deposit Company of Maryland	\$ 50,000

Schedule of Long-Term Debt

	<u>Balance Outstanding 10/1/2005</u>	<u>Transactions During Fiscal Year</u>		<u>Balance Outstanding 9/30/2006</u>
		<u>Issued</u>	<u>Redeemed</u>	
Other Long-Term Debt:				
MS Development Authority	<u>\$ 47,961</u>	<u>\$ -</u>	<u>\$ 5,137</u>	<u>\$ 42,824</u>

See accountants' compilation report.



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Report on Agreed Upon Procedures

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

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Kossuth, 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 the Town of Kossuth, 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 bank to balances in the respective general ledger accounts and obtained confirmation of the related balances from the bank:

<u>Fund</u>	<u>Balance per General Ledger</u>
General	\$ 32,265
Fire Dept	24,703
Insurance Rebate	12,442
Millage Account	11,539
	<u>\$ 80,949</u>

2. The Town held no securities for investment for the year ended September 30, 2006.
3. The Town collected no taxes on real or personal property (including motor vehicles) during the year ended September 30, 2006.
4. We 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:

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>General Ledger Amount</u>
Sales Tax Allocation	General Fund	\$ 34,486
General Municipal Aid	General Fund	89
Gasoline Tax	Special Revenue Fund	468
TVA Payments in Lieu of Taxes	General Fund	3,358
Fire Protection	Special Revenue Fund	865
		<u>\$ 39,266</u>

5. We 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	68
Total Dollar Value of Sample	\$ 92,352

We found the municipality's purchasing procedures to be in agreement with the requirements of the above-mentioned sections, except for the following transactions:

Two prohibited transactions were noted as follows:

Check #4051	Chapmans Restaurant	\$363.08	Christmas Dinner
Check #937	Ryans Restaurant	\$176.85	Christmas Dinner

Two transactions which failed to have required advertised bids were noted as follows:

Check #940	Tupelo Fire Equipment	\$18,036.20	Fire Equipment
Check #940	Tupelo Fire Equipment	\$17,822.80	Fire Equipment

6. We have read the Municipal Compliance Questionnaire completed by the municipality. The completed survey indicated the following instances of noncompliance with state requirements.
- a. Monthly comparisons of budgeted expenditures to actual expenditures are not made.
 - b. Dockets are not prepared and compared to budget prior to authorizing payments.

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