



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.



TOWN OF TUTWILER, MISSISSIPPI

FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

TOWN OF TUTWILER, MISSISSIPPI  
TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	
Combined Statement of Receipts and Disbursements (All Funds)	1
Notes to the Financial Statement	7
Report on Compliance with State Laws and Regulations	14
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15
Schedule of Findings and Responses	16
Supplementary Information:	
Reconciliation of Tax Assessments to Fund Collections	17
Schedule of Long-Term Debt	18
Schedule of Surety Bonds for Town Officials	19
Schedule of Investments (All Funds)	20

TAYLOR, POWELL, WILSON & HARTFORD, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS  
POST OFFICE BOX 8240  
GREENWOOD, MISSISSIPPI 38935-8240  
662-453-6432

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Board of Aldermen  
Town of Tutwiler, Mississippi

We have audited the combined statement of cash receipts and disbursements (all funds) of the Town of Tutwiler, Mississippi, as of and for the year ended September 30, 2006. This financial statement is the responsibility of the Town of Tutwiler, Mississippi's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined statement of cash receipts and disbursements (all funds). An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the combined statement of cash receipts and disbursements (all funds). We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Town prepares its financial statement on a cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Also, management has not presented the management's discussion and analysis information nor the budgetary comparison information that the Government Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statement.

We were unable to obtain a discussion or evaluation from the Town's outside legal counsel of the existence or status of any pending or threatened litigation.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain a discussion or evaluation of pending or threatened litigation from the Town's outside legal counsel as discussed in the preceding paragraph, the combined statement of cash receipts and disbursements (all funds) referred to above presents fairly, in all material respects, the cash balances of the Town of Tutwiler, Mississippi, as of September 30, 2006, and the revenues it received and expenditures it paid for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2007, on our consideration of the Town of Tutwiler, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined statement of cash receipts and disbursements (all funds) taken as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statement of the Town of Tutwiler, Mississippi. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

*Taylor, Powell, Wilson & Hartford P.A.*

July 18, 2007

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

	GOVERNMENTAL FUNDS				PROPRIETARY FUNDS			Totals	
	General	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Water Construction	Water and Sewer	2006	(Memorandum Only)	2005
<b>REVENUE RECEIPTS:</b>									
General Property Taxes:									
Current Levy	63,703.53		4,615.64				68,319.17		57,506.89
Prior Year	20,248.58		-				20,248.58		18,635.71
Auto	28,232.78		2,045.60				30,278.38		27,158.58
Penalties and interest	2,076.75		-				2,076.75		4,445.47
Total taxes	<u>114,261.64</u>		<u>6,661.24</u>				<u>120,922.88</u>		<u>107,746.65</u>
Licenses and Permits:									
Licenses and permits	932.10						932.10		443.00
Franchise taxes - utilities	<u>32,410.75</u>						<u>32,410.75</u>		<u>28,649.14</u>
Total licenses and permits	<u>33,342.85</u>						<u>33,342.85</u>		<u>29,092.14</u>
Intergovernmental Revenue:									
Federal grants:									
Rural Development - Community Facilities									403.41
Department of Homeland Security									
Fire truck grant									69,739.00
Rural Utilities Service - Wastewater Coll. System Improvements									13,630.00
Rural Utilities Service - Water System Improvements					138,263.00		138,263.00		541,981.50
Rural Development - Police Car Grant	13,000.00						13,000.00		-
CDBG - Water system improvements					7,032.00		7,032.00		392,968.00
CDBG - Demonstration Project									-
CDBG - Home Project									-
Total federal grants	<u>13,000.00</u>				<u>145,295.00</u>		<u>158,295.00</u>		<u>1,018,721.91</u>
State and local grants:									
MS Emergency Management Agency	5,155.18						5,155.18		8,350.83
Homeland Security	2,441.00						2,441.00		-
Homestead exemption	13,666.53					1,163.11	14,829.64		13,125.01
Total state and local grants	<u>21,262.71</u>					<u>1,163.11</u>	<u>22,425.82</u>		<u>21,475.84</u>

See Notes to Financial Statements.

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

	GOVERNMENTAL FUNDS				PROPRIETARY FUNDS			Totals	
	General	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Water Construction	Water and Sewer	(Memorandum Only)	2006	2005
State shared revenues:									
Municipal revolving fund	710.91						710.91	710.96	
Gasoline tax	3,750.70						3,750.70	3,750.67	
General sales tax	38,444.98						38,444.98	35,816.14	
Alcoholic beverage licenses	900.00						900.00	900.00	
Fire insurance premiums	6,936.50						6,936.50	6,425.47	
Grand Gulf funds	7,934.74						7,934.74	7,758.23	
Total state shared revenues	<u>58,677.83</u>						<u>58,677.83</u>	<u>55,361.47</u>	
Revenues from County:									
Rail car tax	-						-	1,097.51	
Road and bridge	22,907.12						22,907.12	21,519.29	
Overload privilege tax	2,464.50						2,464.50	1,790.77	
Total revenues from County	<u>25,371.62</u>						<u>25,371.62</u>	<u>24,407.57</u>	
Total intergovernmental revenue	<u>118,312.16</u>		<u>1,163.11</u>		<u>145,295.00</u>		<u>264,770.27</u>	<u>1,119,966.79</u>	
Charges for Services:									
Garbage	36,917.54						36,917.54	33,288.88	
Water					204,268.06		204,268.06	209,584.65	
Sewer					253,803.60		253,803.60	196,969.84	
Sundry fees and charges					18,319.55		18,319.55	17,488.85	
Total charges for services	<u>36,917.54</u>				<u>476,391.21</u>		<u>513,308.75</u>	<u>457,332.22</u>	
Fines and Forfeits:									
Court fines	22,255.24						22,255.24	14,162.50	
Miscellaneous:									
Interest income	-					4,969.49	4,969.49	2,865.16	
Sale of surplus property	0.00						-	4,500.00	
Sundry	2,678.97						2,678.97	1,623.60	
Total miscellaneous	<u>2,678.97</u>					<u>4,969.49</u>	<u>7,648.46</u>	<u>8,988.76</u>	
Total revenue receipts	<u>327,768.40</u>		<u>7,824.35</u>		<u>145,295.00</u>	<u>481,360.70</u>	<u>962,248.45</u>	<u>1,737,289.06</u>	

OTHER RECEIPTS:

  Meter deposits - utility

4,568.71      4,568.71      1,720.55

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

	GOVERNMENTAL FUNDS				PROPRIETARY FUNDS			Totals	
	General	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Water Construction	Water and Sewer	(Memorandum Only)		
							2006	2005	
Transfers and interfund loans	110,000.00	-	2,292.83	-	-	0.00	112,292.83	170,651.64	
Construction loan proceeds									
Rural Utilities Service - Wastewater Coll. System Improvements loan proceeds									
Rural Utilities Service - Water System Improvements loan proceeds									
Rural Development - Community Facilities Lease-Hemphill									
Bond proceeds	4,250.00	-	-	-	-	-	4,250.00	-	
Total other receipts	114,250.00	-	2,292.83	-	-	4,568.71	121,111.54	172,372.19	
Total receipts	442,018.40	-	10,117.18	-	145,295.00	485,929.41	1,083,359.99	1,909,661.25	
CASH & INVESTMENTS - BEGINNING OF YEAR	21,629.81	5,333.07	3,518.49	3,390.19	2,004.81	205,320.72	241,197.09	378,017.89	
Total to account for	463,648.21	5,333.07	13,635.67	3,390.19	147,299.81	691,250.13	1,324,557.08	2,287,679.14	

OPERATING DISBURSEMENTS:

General Government:	
Legislative:	
Aldermen's fees	4,500.00
Executive:	
Mayor's salary	4,800.00
Judicial:	
Judge's fees	1,925.00
Financial Administration:	
Salaries	6,771.23
Employee benefits	4,579.27
Office supplies	10,301.25
Accounting & auditing fees	9,900.00
	6,664.54
	4,734.05
	18,848.56
	9,900.00
	4,500.00
	4,800.00
	2,100.00
	6,664.54
	4,734.05
	18,848.56
	9,900.00

See Notes to Financial Statements.

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

	GOVERNMENTAL FUNDS				PROPRIETARY FUNDS			Totals	
	General	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Water Construction	Water and Sewer	2006	2005	(Memorandum Only)
Legal fees	4,920.00						4,920.00	3,720.00	
Bookkeeping fees	2,475.00						2,475.00	1,256.25	
Consulting fees	-						-	3,198.75	
Telephone & utilities	14,679.10						14,679.10	16,450.23	
Insurance	18,368.17						18,368.17	20,304.34	
Dues	2,860.00						2,860.00	3,018.58	
Repairs	-						-	1,521.93	
Prosecuting & defense attorney fees	1,100.00						1,100.00	2,400.00	
MMA convention	2,743.50						2,743.50	7,287.88	
Training programs	208.64						208.64	1,583.92	
Travel	1,358.23						1,358.23	2,440.71	
Miscellaneous	1,626.30		5.00				1,631.30	3,077.11	
Total financial administration	81,890.69		5.00				81,895.69	106,406.85	
Total general government	93,115.69		5.00				93,120.69	117,806.85	
Public Safety:									
Police:									
Salaries	91,753.20						91,753.20	94,117.91	
Employee benefits	11,985.47						11,985.47	10,780.80	
Supplies	1,774.60						1,774.60	6,289.54	
Gas & oil	7,420.08						7,420.08	7,207.75	
Repairs	4,806.90						4,806.90	13,268.45	
Insurance	4,225.14						4,225.14	8,356.07	
Uniforms	812.05						812.05	916.65	
State fees	2,194.50						2,194.50	1,102.00	
Jail fees	15,862.35						15,862.35	18,492.08	
Utilities	7,378.28						7,378.28	4,320.62	
Convention	812.00						812.00	-	
Police Training Seminars	82.08						82.08	-	
Miscellaneous	1,419.41						1,419.41	496.36	
Total police	150,546.06						150,546.06	165,348.23	
Fire:									
Salaries	1,140.10						1,140.10	1,140.10	
Employee benefits	97.96						97.96	98.84	

See Notes to Financial Statements.

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

	GOVERNMENTAL FUNDS				PROPRIETARY FUNDS			Totals	
	General	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Water Construction	Water and Sewer	2006	2005	(Memorandum Only)
Supplies	1,061.25						1,061.25	281.72	
Insurance	983.00						983.00	1,283.38	
Gas & oil	-						-	49.00	
Repairs	1,199.07						1,199.07	1,770.21	
Utilities	1,726.08						1,726.08	1,858.67	
Travel & miscellaneous	493.84						493.84	312.38	
Total fire	6,701.30						6,701.30	6,794.30	
Total public safety	157,247.36						157,247.36	172,142.53	
Public Works:									
Streets:									
Salaries	40,599.10						40,599.10	35,116.90	
Employee benefits	4,827.07						4,827.07	5,221.21	
Street lights - utility	21,073.38						21,073.38	18,971.87	
Material & supplies	7,841.88						7,841.88	1,508.08	
Gas & oil	5,813.92						5,813.92	5,791.72	
Insurance	4,012.47						4,012.47	8,714.26	
Repairs	2,906.87						2,906.87	2,508.73	
Debris disposal	5,200.86						5,200.86	16,358.29	
CWC workers	7,518.88						7,518.88	3,989.00	
Engineer & consultant	-						-	-	
Travel	258.84						258.84	429.50	
Total streets	100,053.27						100,053.27	98,609.56	
Sanitation:									
Solid waste collection fees	44,388.00						44,388.00	43,200.00	
Total sanitation	44,388.00						44,388.00	43,200.00	
Total public works	144,441.27						144,441.27	141,809.56	
Culture & Recreation:									
Contribution to library	1,100.00						1,100.00	1,200.00	
Total culture & recreation	1,100.00						1,100.00	1,200.00	
Water & Sewer:									
Salaries									58,706.54
Employee benefits									8,203.21
Material & supplies									15,396.03
									58,706.54
									8,203.21
									15,396.03

See Notes to Financial Statements.

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

	GOVERNMENTAL FUNDS				PROPRIETARY FUNDS		Totals	
	General	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Water Construction	Water and Sewer	2006	2005
Repairs						38,614.00	38,614.00	41,234.01
Utilities					101,064.35	101,064.35	101,064.35	69,697.05
Gas & oil					3,438.96	3,438.96	3,438.96	6,057.84
Insurance					10,696.62	10,696.62	10,696.62	12,126.01
Professional fees					18,497.34	18,497.34	18,497.34	18,698.00
Postage					1,999.00	1,999.00	1,999.00	1,828.01
Testing & inspections					-	-	-	870.00
Miscellaneous				0.00	4,595.61	4,595.61	4,595.61	6,830.80
Operator fees				-	37,440.00	37,440.00	37,440.00	37,440.00
Total water & sewer				-	298,651.66	298,651.66	298,651.66	307,486.10
Total operating disbursements	395,904.32	-	5.00	-	-	298,651.66	694,560.98	740,445.04
<b>OTHER DISBURSEMENTS:</b>								
Capital outlay	28,289.00					-	28,289.00	100,966.04
RUS - wastewater collection system improvements						-	-	13,630.00
RD - community facilities						-	-	3,633.41
RUS - water system improvements					134,590.47	134,590.47	134,590.47	524,228.54
CDBG - water system improvements					7,032.00	7,032.00	7,032.00	392,968.00
Home project						-	-	-
Demonstration project						-	-	600.00
Transfers & interfund loans	2,009.83	0.00	-			110,283.00	112,292.83	170,651.64
RD debt service - principal			3,600.00			23,612.80	27,212.80	21,389.30
RD debt service - interest			4,576.50			68,806.68	73,383.18	77,970.08
Total other disbursements	30,298.83	-	8,176.50	-	141,622.47	202,702.48	382,800.28	1,306,037.01
Total disbursements	426,203.15	-	8,181.50	-	141,622.47	501,354.14	1,077,361.26	2,046,482.05
CASH & INVESTMENTS - END OF YEAR	37,728.06	5,333.07	5,454.17	3,390.19	5,677.34	189,895.99	247,478.82	241,197.09
Total accounted for	463,931.21	5,333.07	13,635.67	3,390.19	147,299.81	691,250.13	1,324,840.08	2,287,679.14

See Notes to Financial Statements.

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The Town of Tutwiler operates under the Mayor/Board of Alderman form of government and provides services as authorized by law. Town population on the 2000 census was 1,364. The accounting policies of the Town of Tutwiler conform to the laws of Mississippi for a municipality with a population of less than 3,000. The following is a summary of the more significant policies.

- A. **REPORTING ENTITY** – The financial statement of the Town consists of all the funds of the Town.
- B. **FUND ACCOUNTING** – The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.
- C. **BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION** – All governmental and proprietary funds are accounted for using the cash receipts and disbursements basis of accounting, as prescribed by the Office of the State Auditor, State of Mississippi. This basis of accounting differs from generally accepted accounting principles (which include pronouncements of the Governmental Accounting Standards Board) in that revenues are recognized when received rather than when measurable and available as net current assets and expenditures are recognized when paid rather than when the related liability is incurred. The financial statement presentation differs from generally accepted accounting principles (which include pronouncements of the Governmental Accounting Standards Board) in that only a combined statement of cash receipts and disbursements (all funds) is presented rather than government-wide financial statements, individual fund financial statements and required supplementary information which includes management's discussion and analysis. The new reporting model for financial statement format and presentation requirements of the Governmental Accounting Standards Board Statement Number 34 does not apply when only a Statement of Cash Receipts and Disbursements prepared on an other comprehensive basis of accounting is presented.
- D. **BUDGET** – The budget for all funds is prepared and adopted on the cash receipts and disbursements basis of accounting, a basis of accounting other than generally accepted accounting principles. This basis is consistent with the applicable laws of the state of Mississippi. Revenues which are legally received from October 1 through September 30 may be credited to the budget. Expenditures which may be charged to the budget are those which were legally budgeted, incurred prior to the end of the fiscal year, and disbursed during the fiscal year or within 30 days thereafter.
- E. **TOTAL COLUMNS ON COMBINED STATEMENTS** – Total columns on the combined statements are captioned Memorandum only to indicate that they are presented only to facilitate financial analysis. Adjustments to eliminate interfund transactions have not been recorded in arriving at such amounts and the memorandum totals are not intended to fairly present the financial position or results of operations of the Town of Tutwiler, Mississippi, taken as a whole.

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

**NOTE 2 – PROPERTY TAX:**

Property taxes attached as an enforceable lien on property as of January 1. The Town bills and collects its own property tax. The primary months of collection are December and January.

The Town's millage rate for 2005 taxes, which were collected in the year ended September 30, 2006, was as follows:

General Fund	47 mills
Debt Service Fund	<u>4</u> mills
Total	<u>51</u> mills

The Town utilized the county tax rolls and values in assessing the ad valorem taxes on real and personal property within the Town boundaries. Taxes on autos are billed and collected by the county and remitted to the Town in the month following the month of collection.

Property for which ad valorem taxes have not been paid is advertised for sale in April and September each year. Property not sold at auction is purchased by the Town.

A reconciliation of assessed properties and property taxes is contained in the supplemental schedules of this report.

**NOTE 3 – CASH AND INVESTMENTS:**

Cash and investments consist of bank deposits in the form of checking accounts, savings accounts and certificates of deposit with the Town's depository bank. At September 30, 2006, the carrying amount of the Town's deposits with financial institutions was \$247,478.82 and the bank balance was \$246,028.88. The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the entity's funds are protected through the collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

The bank balance is categorized as follows:

Amount insured by the FDIC	\$ 205,333.07
Amount collateralized through the Statewide Collateral Pool program sponsored by the State of Mississippi Treasury Department	40,695.81
Uncollateralized	<u>.00</u>
Total bank balance	<u>\$ 246,028.88</u>

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

**NOTE 4 – RURAL UTILITIES SERVICE BOND RESERVE REQUIREMENTS:**

The Town's three Rural Utilities Service revenue bond ordinances require that the Town make monthly deposits to reserve accounts until a maximum balance has been accumulated. Prior written approval must be obtained from Rural Utilities Service before withdrawals may be made from these accounts during the life of the loans. The maximum reserve balances and monthly deposit requirements for each bond are as follows:

	<u>Monthly Deposit Amount</u>	<u>Total Reserve Requirement</u>	<u>Balance in Account at 9-30-06</u>
Wastewater Treatment Plant Bond	\$ 283.00	\$ 33,835.00	\$ 11,037.00
Wastewater Collection System Improvements Bond	308.00	36,931.00	
Water System Improvements Bond	<u>191.00</u>	<u>22,656.00</u>	<u>                    </u>
Total	<u>\$ 782.00</u>	<u>\$ 93,422.00</u>	<u>\$ 11,037.00</u>

Any funds withdrawn from these accounts during the life of the loans must be replaced in accordance with the above schedule.

Required and actual reserve account balances for each bond at September 30, 2006, are as follows:

	<u>Required Balance</u>	<u>Actual Balance</u>	<u>Over Short (-)</u>
Wastewater Treatment Plant Bond	\$ 12,735.00	\$ 11,037.00	\$ -1,698.00
Wastewater Collection System Improvements Bond	10,472.00		-10,472.00
Water System Improvements Bond	<u>2,674.00</u>	<u>                    </u>	<u>-2,674.00</u>
Total	<u>\$ 25,881.00</u>	<u>\$ 11,037.00</u>	<u>\$ -14,844.00</u>

**NOTE 5 – PENSION PLAN:**

Plan Description

The Town of Tutwiler contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

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

**NOTE 5 – PENSION PLAN: (Cont'd)**

Funding Policy – PERS members are required to contribute 7.25% of their annual covered salary and the Town of Tutwiler is required to contribute at an actuarially determined rate. The current rate is 9.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The Town of Tutwiler's contributions to PERS for the years ending September 30, 2006, 2005 and 2004 were \$15,173.71, \$13,722.46 and \$9,638.01, respectively, equal to the required contributions for each year.

**NOTE 6 – LONG-TERM DEBT:**

Long-term debt consists of the following:

Date Issued	Definition & Purpose	Balance Outstanding 10-1-05	Transactions During Fiscal Year		Balance Outstanding 9-30-06
			Issued	Redeemed	
	Combined Water & Sewer System Revenue Bond #92-01, due to Rural Development. Payment of interest only due 1-17-02, starting 2-17-02, due in 400 monthly payments of \$2,736.16 including interest at 4.5%	536,964.54		9,199.47	527,765.07
	Combined Water & Sewer System Revenue Bond #92-04, due to Rural Development. Payment of interest only due 3-6-04, starting 4-04, due in 400 monthly payments of \$3,077.82 including interest at 4.5%	624,780.97		8,925.84	615,855.13

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

**NOTE 6 – LONG-TERM DEBT: (Cont'd)**

Long-term debt consists of the following:

Date Issued	Definition & Purpose	Balance Outstanding 10-1-05	Transactions During Fiscal Year		Balance Outstanding 9-30-06
			Issued	Redeemed	
	General Obligation				
	Building Bond, due to Rural Development. Payable annually on 6-16, starting 6-16-04, with interest payable semi-annually on 6-16 and 12-16; interest at 4.5%. Final payment 6-16-23	\$ 101,700.00		\$ 3,600.00	\$ 98,100.00
	Combined Water & Sewer System Revenue Bond due to Rural Development. Payment of interest only due 7-27-05, starting 8-05, due in 400 monthly payments of \$1,888.06 including interest at 4.5%	389,524.99	.00	5,487.49	384,037.50
	Totals	\$ 1,652,970.50	\$ .00	\$ 27,212.80	\$ 1,625,757.70

The annual aggregate maturities for the 2001 Rural Development Revenue Bonds for the years subsequent to September 30, 2006 are as follows:

Year Ended September 30,	Principal	Interest	Total
2007	\$ 9,273.73	\$ 23,501.78	\$ 32,833.92
2008	9,699.78	23,130.98	32,833.92
2009	10,145.36	22,685.24	32,833.92
2010	10,611.44	22,219.00	32,833.92
2011	11,098.94	103,316.48	164,169.60
2012 – 2016	63,627.83	87,993.97	164,169.60
2017 – 2021	79,649.06	68,813.22	164,169.60
2022 – 2026	99,704.37	44,802.90	164,169.60
2027 - 2031	124,809.48	39,357.72	164,167.20
2032 - 2035	109,145.08	9,301.02	118,446.10
Total	\$ 527,765.07	\$ 411,517.03	\$ 939,282.10

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

**NOTE 6 – LONG-TERM DEBT: (Cont'd)**

The annual aggregate maturities for the 2003 Rural Development Revenue Bonds for the years subsequent to September 30, 2006 are as follows:

Year Ended September 30,	Principal	Interest	Total
2007	\$ 9,412.92	\$ 27,520.92	\$ 36,933.84
2008	9,845.35	27,088.49	36,933.84
2009	10,297.63	26,636.21	36,933.84
2010	10,770.72	26,163.12	36,933.84
2011	11,265.52	25,668.32	36,933.84
2012 – 2016	64,582.89	120,086.31	184,669.20
2017 – 2021	80,884.52	103,824.68	184,669.20
2022 – 2026	101,200.91	83,468.29	184,669.20
2027 - 2031	126,682.83	57,986.37	184,669.20
2032 - 2036	158,581.05	26,088.15	184,669.20
2037 - 2041	32,370.79	709.98	33,080.77
<b>Total</b>	<b>\$ 615,855.13</b>	<b>\$ 525,240.84</b>	<b>\$ 1,141,095.97</b>

The annual aggregate maturities for the 2003 Rural Development General Obligation Building Bonds for the years subsequent to September 30, 2006 are as follows:

Year Ended September 30,	Principal	Interest	Total
2007	\$ 3,800.00	\$ 4,414.50	\$ 8,214.50
2008	4,000.00	4,243.50	8,243.50
2009	4,400.00	4,063.50	8,463.50
2010	4,400.00	3,865.50	8,265.50
2011	4,600.00	3,667.50	8,267.50
2012 – 2016	26,800.00	15,003.00	41,803.00
2017 – 2021	34,100.00	8,347.50	42,447.50
2022 – 2023	16,000.00	1,089.00	17,089.00
<b>Total</b>	<b>\$ 98,100.00</b>	<b>\$ 44,694.00</b>	<b>\$ 142,794.00</b>

The annual aggregate maturities for the 2004 Rural Development Revenue Bonds for the years subsequent to September 30, 2006 are as follows:

Year Ended September 30,	Principal	Interest	Total
2007	\$ 5,487.30	\$ 17,169.42	\$ 22,656.72
2008	5,739.38	16,917.34	22,656.72
2009	6,003.05	16,653.67	22,656.72
2010	6,278.81	16,377.91	22,656.72
2011	6,567.26	16,089.46	22,656.72
2012 – 2016	37,648.74	75,634.86	113,283.60
2017 – 2021	47,128.57	66,155.03	113,283.60
2022 – 2026	58,995.33	54,288.27	113,283.60
2027 – 2031	73,850.13	39,433.47	113,283.60
2032 – 2036	92,445.27	20,838.33	113,283.60
2037 – 2041	43,893.66	2,116.60	46,010.26
<b>Total</b>	<b>\$ 384,037.50</b>	<b>\$ 341,674.36</b>	<b>\$ 725,711.86</b>

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

**NOTE 7 – COMMITMENTS AND CONTINGENCIES:**

The Town participates in federally assisted grant programs, principal of which are Community Development Block Grants, and Rural Development Grants. These programs are subject to program compliance audits by grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or applicable fund. The Town expects amounts disallowed, if any, to be immaterial.

The Town is occasionally involved in various other legal actions arising in the normal course of business. In the opinion of management, such matters will not have a material effect upon the financial position of the Town.

**NOTE 8 – RISK MANAGEMENT:**

The Town of Tutwiler has entered into a joint and several relationships with other public entities in the Mississippi Municipal Worker's Compensation Group and the Mississippi Municipal Liability Group. Each member shares responsibility for premium contribution based on payroll and their own loss experiences as well as assessments needed for fund inadequacies. They also share the benefit of fund surplus in the form of dividends when applicable.

**NOTE 9 – MAJOR CUSTOMER:**

The Town Water Fund receives a substantial portion of its water and sewer revenue from one customer, a local correctional facility. The Town will be dependent on water and sewer sales to this customer for future operating funds and funds to make the required monthly payments on its three revenue bonds.

TAYLOR, POWELL, WILSON & HARTFORD, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS  
POST OFFICE BOX 8240  
GREENWOOD, MISSISSIPPI 38930  
662-453-6432

REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Mayor and Members of the  
Board of Aldermen  
Town of Tutwiler, Mississippi

We have audited the combined statement of cash receipts and disbursements (all funds) of the Town of Tutwiler, Mississippi for the year ended September 30, 2006, and have issued our report thereon dated July 18, 2007. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain laws and regulations. However, we have also performed an opinion on compliance with state laws and regulations was not an objective of our audit, and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the combined statement of cash receipts and disbursements (all funds) disclosed the following instances of non-compliance with State laws and regulations:

The governing authorities of the Town did not complete nor adopt a Municipal Compliance Questionnaire for the year ended September 30, 2006.

The Town did not comply with legal publication requirements when budgetary changes of 10% or more were made to a department's budget.

The Town did not revise the budget by its regular meeting when revenues were less than estimated or expenditures were more than estimated and a deficit was anticipated.

The Town board did not always avoid approving claims and the Town Clerk did not always avoid issuing warrants which would be in excess of budgeted amounts.

Travel advances and reimbursements were not always made in accordance with State Auditor's regulations.

Court fines were not always collected when due and settled immediately to the municipal treasury.

The Office of the State Auditor or a public accounting firm will review, on a subsequent year's audit engagement, the findings in this report to ensure that corrective action has been taken.

This report is intended for the information of the Town's management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

*Taylor, Powell, Wilson + Hartford, P.A.*

July 18, 2007

TAYLOR, POWELL, WILSON & HARTFORD, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS  
POST OFFICE BOX 8240  
GREENWOOD, MISSISSIPPI 38930  
662-453-6432

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members of the  
Board of Aldermen  
Town of Tutwiler, Mississippi

We have audited the financial statement of the Town of Tutwiler, Mississippi for the year ended September 30, 2006, and have issued our report thereon dated July 18, 2007. The report on the financial statements was qualified because we were unable to obtain a discussion or evaluation from the Town's outside legal counsel of the existence or status of any pending or threatened litigation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Town of Tutwiler's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Town of Tutwiler's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying Schedule of Findings and Responses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

**Compliance**

As part of obtaining reasonable assurance about whether Town of Tutwiler's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses.

The Town of Tutwiler's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Town of Tutwiler's responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, others within the organization, the Town Board of Aldermen, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

July 18, 2007

*Taylor, Powell, Wilson & Hartford, P.A.*

TOWN OF TUTWILER, MISSISSIPPI  
SCHEDULE OF FINDINGS AND RESPONSES  
SEPTEMBER 30, 2006

Reportable Condition:

Lack of Segregation of Duties

*Statement of Condition:* The Town employs only one accounting person. Consequently, the Town has the inherent weakness in internal control that an organization has with only limited personnel who have access to all accounting phases.

*Criteria:* The Town can only justify employing one accounting person who is responsible for all phases of the accounting process. This condition exists primarily in the cash receipts function.

*Effect of Condition:* The Town lacks the internal controls over cash receipts that are provided for when duties can be segregated among several employees.

*Recommendation:* The Town Board of Aldermen should continue to monitor the Town's financial statements on a monthly basis.

*Town's Response:* The Town Board of Aldermen understands the inherent weaknesses in internal control that exist due to employing only one accounting person who has access to all accounting phases. The Town Board of Aldermen has determined that the Town cannot justify the additional cost of hiring additional personnel solely to increase internal control. The Town Board of Aldermen will monitor the Town's financial statements on a continuing monthly basis.

Finding of Non-Compliance:

Insufficient Bond Reserve Fund Balances

*Condition:* Cash deposits to bond reserve funds as required by the bond agreements continue to be short of the required amounts to be deposited to the reserve accounts as of September 30, 2006. The amounts by which these reserve fund accounts were short of the required amounts as of September 30, 2006 is disclosed in the notes to the financial statements.

*Recommendation:* Procedures should be implemented to calculate the required reserve account balances as of the current month and transfer the appropriate funds to these accounts to bring the balances to the required amounts and then the required monthly deposits should be made to maintain the correct balances.

*Town's Response:* The Town will transfer funds to the Reserve accounts to bring the balances up to the correct current balances immediately and will keep the account balances current on a monthly basis.

**SUPPLEMENTARY INFORMATION**

TOWN OF TUTWILER, MISSISSIPPI  
 RECONCILIATION OF TAX ASSESSMENTS TO FUND COLLECTIONS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<u>Taxable Assessed Values</u>	<u>Millage</u>	<u>Tax</u>
Real property	\$ 1,761,419		\$
Personal property	304,140		
Automobile	<u>432,885</u>		
	<u>\$ 2,498,444</u>	51.00	<u>127,420.64</u>
Homestead exemption allowed			-19,768.00
Actual homestead reimbursement			14,829.64
Legislative credit – auto taxes			10,170.60
County tax collector's commissions			-1,612.36
Prior year taxes collected			20,248.58
Penalties and interest - delinquent taxes			<u>2,076.75</u>
Total to be accounted for			<u>\$ 153,365.85</u>

	<u>Taxes, Penalties and Interest</u>	<u>Homestead Reimbursement</u>	<u>Total</u>
Credits:			
General fund	\$ 114,261.64	\$ 13,666.53	\$ 127,928.17
Debt Service fund	<u>6,661.24</u>	<u>1,163.11</u>	<u>7,824.35</u>
Total collected and settled	<u>\$ 120,922.88</u>	<u>\$ 14,829.64</u>	135,752.52
Balance represented by:			
Unpaid property taxes			15,865.04
Unpaid personal property taxes			914.65
Unallocated difference			<u>833.64</u>
Total accounted for			<u>\$ 153,365.85</u>

Actual ad valorem tax collections as compared to the limitations of sections 27-39-320 to 27-39-323, Mississippi Code Ann. (1972):

Actual collections (excluding debt service)		Actual collections (excluding debt service)	
Base year 2005	\$ 112,597.64	2006	\$ 114,261.64
10% increase	11,259.76	Homestead exemption reimbursement	13,666.53
Exempt Collections, 2006	<u>4,548.17</u>	Under limitation	<u>477.38</u>
Total	<u>\$ 128,405.55</u>	Total	<u>\$ 128,405.55</u>

TOWN OF TUTWILER, MISSISSIPPI  
 SCHEDULE OF LONG-TERM DEBT  
 SEPTEMBER 30, 2006

	Balance Outstanding 10-1-05	During Fiscal Year		Balance Outstanding 9-30-06
		Issued	Redeemed	
<b>General Obligation Building Bond:</b>				
Due to Rural Development. Payable annually on 6-16, starting 6-16-04, with interest payable semi-annually on 6-16 and 12-16; interest at 4.5%. Final payment 6-16-23.	\$ 101,700.00	\$	\$ 3,600.00	\$ 98,100.00
<b>Water and Sewer Revenue Bonds:</b>				
Combined Water & Sewer System Revenue Bond #92-01, due to Rural Development. Payment of interest only due 1-17-02, starting 2-17-02, due in 400 monthly payments of \$2,736.16 including interest at 4.5%	536,964.54		9,199.47	527,765.07
Combined Water & Sewer System Revenue Bond #92-04, due to Rural Development. Payment of interest only due 3-6-04, starting 4-04, due in 400 monthly payments of \$3,077.82 including interest at 4.5%	624,780.97		8,925.84	615,855.13
Combined Water & Sewer System Revenue Bond #91-08, due to Rural Development. Payment of interest only due 7-27-05, starting 8-05, due in 400 monthly payments of \$1,888.06 including interest at 4.5%	389,524.99		5,487.49	384,037.50
<b>Totals</b>	<u>\$1,652,970.50</u>	<u>\$</u>	<u>27,212.80</u>	<u>\$1,625,757.70</u>

TOWN OF TUTWILER, MISSISSIPPI  
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS  
SEPTEMBER 30, 2006

<u>Position</u>	<u>Company</u>	<u>Bond Amount</u>
Mayor	CNA Surety	\$ 10,000
Town Clerk	CNA Surety	50,000
Police Chief	CNA Surety	50,000
Police Deputies	CNA Surety	25,000
All Others	CNA Surety	2,500

TOWN OF TUTWILER, MISSISSIPPI  
SCHEDULE OF INVESTMENTS - ALL FUNDS  
SEPTEMBER 30, 2006

Certificate of deposit, dated September 29, 2006, due November 30, 2007	\$ <u>129,183.77</u>
Total	\$ <u><u>129,183.77</u></u>
Distribution to funds as follows:	
General fund	\$ 3,834.33
Water and sewer fund	<u>125,349.44</u>
Total	\$ <u><u>129,183.77</u></u>