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FINANCIAL REPORT

TOWN OF FALKNER

FALKNER, MISSISSIPPI

SEPTEMBER 30, 2007

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## ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES

Honorable Mayor and Board of Aldermen  
Town of Falkner  
Falkner, Mississippi 38629

We have applied certain agreed-upon procedures as discussed below, to the accounting records of the Town of Falkner, Mississippi, as of September 30, 2007, and for the year then ended, as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Mississippi Code, 1972, Annotated. This report is solely for the use of the governing body of the Town of Falkner, Mississippi, and the Office of the State Auditor. However, this report is a matter of public record, and its distribution is not limited. Our procedures and findings are as follows:

- A. 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>Bank</u>	<u>Fund</u>	<u>Balance per General Ledger</u>
Citizens Bank	General	\$ 218,877
	Fire Department	7,325
	Park	6,825
	Cemetery	20,076
	Sewer System	31,731
	Water System	142,492

- B. We confirmed directly with respective banks all investments, including certificates of deposits, owned by the Town of Falkner. All investments transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Mississippi Code 1972, Annotated.

The Town of Falkner owned no investments at September 30, 2007.

- C. We obtained a statement of payments made by the Mississippi Department of Finance and Administration to the town. The payments were traced to deposits in the bank and recorded in the general ledger without exception. Cash receipts were as follows:

<u>Purpose</u>	<u>Receiving Fund</u>	<u>Amount</u>
Sales Tax Allocation	General	\$ 58,057
Gasoline Tax	General	596
TVA in Lieu of Taxes	General	3,093
General Municipal Aid	General	111
Fire Protection Allocation	Fire Protection	1,003
Homeland Security Grant	General	5,354
Utility Relocation	Water & Sewer	7,550
CDBG	Water & Sewer	275,300

- D. We selected a sample of purchases made by the municipality during the year. Each sample item was evaluated for compliance with public purchasing requirements set forth in Sections 31-7-1, 31-7-13, 31-7-49, and 33-7-57, Mississippi Code, 1972, Annotated, as applicable.

The sample consisted of the following:

Number of sample items	52
Dollar value of sample	\$ 73,160

Except for the following purchase, we found the Town's purchasing procedures to be in compliance with the above sections.

1. Rutherford Auto Sales \$9,315.00

This purchase was for a used 2001 Ford F450 Super Red. The Town did establish the need for a fire truck, however a truck was located before seeking quotes. After locating the truck, the Town did seek another quote from Tupelo Fire Equipment, Inc., but the quotes were not developed based upon comparable identification. The quote from Tupelo Fire Equipment, Inc. for \$29,500 would have also put the Town in a different purchasing bracket, requiring advertising for bids.

In addition, the truck was purchased from a closely related party of a Board member. However, the Board member recused them self from the discussion and decision.

The Town sustained no economic loss from this transaction.

- E. We have read the Municipal Compliance Questionnaire completed by the town. The completed survey indicated no instances of noncompliance.

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the specified accounts or items 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 is related only to the accounts and items specified above and does not extend to any financial statements of the Town of Falkner, taken as a whole.

*Lindsey, Davis and Associates*

Lindsey, Davis and Associates  
Certified Public Accountants

Ripley, Mississippi  
October 19, 2007

# LINDSEY, DAVIS AND ASSOCIATES

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## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and Board of Aldermen  
Town of Falkner  
Falkner, Mississippi 38629

We have compiled the accompanying statement of cash receipts and disbursements (all funds)-cash basis of the Town of Falkner for the year ended September 30, 2007, in accordance with Statements on Standards for Accounting and Review Services issued 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. We have not audited or reviewed the accompanying statement of cash receipts and disbursements (all funds)-cash basis and, accordingly, do not express an opinion or any other form of assurance on it.

The Town's policy is to prepare its financial statement on the basis of cash receipts and disbursements; consequently, certain revenue is recognized when received rather than when measurable and available, and certain expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the statement of cash receipts and disbursements (all funds)-cash basis is not intended to present results of operations, in conformity with accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements. If the omitted disclosures were included, they might influence the user's conclusions about the town's cash receipts and disbursements. Accordingly, the financial statement is not designed for those who are not informed about such matters.

The supplementary information contained on pages 8 through 9 is presented for purposes of additional analysis and has been compiled by us from information that is the representation of management of the Town of Falkner, Mississippi, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on such supplementary information.

*Lindsey, Davis and Associates*

Lindsey, Davis and Associates  
Certified Public Accountants

Ripley, Mississippi  
October 19, 2007

TOWN OF FALKNER  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - (ALL FUNDS) CASH BASIS  
YEAR ENDED SEPTEMBER 30, 2007

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2007	2006
<b>CASH OPERATING RECEIPTS</b>				
Privilege License	\$ 40	\$	\$ 40	\$ 395
Intergovernmental Receipts				
State Shared Receipts:				
Sales Tax	58,057		58,057	59,053
Gasoline Tax	596		596	596
Fire Protection	1,003		1,003	1,078
TVA in Lieu of Taxes	3,093		3,093	2,782
General Municipal Aid	111		111	111
County Shared Receipts:				
Road Tax	7,470		7,470	7,836
Fire Protection	11,500		11,500	11,500
Charges for Services:				
Water and Sewer		244,739	244,739	236,714
Gross Receipts Tax	6,143		6,143	5,524
Donations	16,879		16,879	3,550
Park Revenue	22,500		22,500	
Miscellaneous	2,772	10,861	13,633	4,045
<b>TOTAL OPERATING RECEIPTS</b>	<u>130,164</u>	<u>255,600</u>	<u>385,764</u>	<u>333,184</u>
<b>OTHER CASH RECEIPTS</b>				
Interest	9,499	5,776	15,275	15,774
Meter Deposit Collections		(1,531)	(1,531)	2,131
Meter Fees		5,950	5,950	
Grant Income	5,354	275,300	280,654	44,570
<b>TOTAL OTHER RECEIPTS</b>	<u>14,853</u>	<u>285,495</u>	<u>300,348</u>	<u>62,475</u>
<b>TOTAL CASH RECEIPTS</b>	<u>145,017</u>	<u>541,095</u>	<u>686,112</u>	<u>395,659</u>

SEE ACCOUNTANT'S COMPILATION REPORT

TOWN OF FALKNER  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - (ALL FUNDS) CASH BASIS  
YEAR ENDED SEPTEMBER 30, 2007

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2007	2006
<b>CASH OPERATING DISBURSEMENTS</b>				
General Government	115,719		115,719	77,879
Public Safety:				
Fire	13,063		13,063	13,820
Enterprise:				
Water & Sewer Utilities		195,408	195,408	160,334
<b>TOTAL OPERATING DISBURSEMENTS</b>	<u>128,782</u>	<u>195,408</u>	<u>324,190</u>	<u>252,033</u>
<b>OTHER CASH DISBURSEMENTS</b>				
Interest on Notes		44,824	44,824	46,670
Investment in Fixed Assets	24,841	302,998	327,839	101,918
Principal Payments		39,843	39,843	42,146
<b>TOTAL OTHER DISBURSEMENTS</b>	<u>24,841</u>	<u>387,665</u>	<u>412,506</u>	<u>190,734</u>
<b>TOTAL CASH DISBURSEMENTS</b>	<u>153,623</u>	<u>583,073</u>	<u>736,696</u>	<u>442,767</u>
<b>EXCESS OF CASH RECEIPTS OVER (UNDER) CASH DISBURSEMENTS</b>	(8,606)	(41,978)	(50,584)	(47,108)
Cash Balances - Beginning of Year	<u>261,710</u>	<u>216,201</u>	<u>477,911</u>	<u>525,019</u>
Cash Balances - End of Year	<u>\$ 253,104</u>	<u>\$ 174,223</u>	<u>\$ 427,327</u>	<u>\$ 477,911</u>

SEE ACCOUNTANT'S COMPILATION REPORT

TOWN OF FALKNER  
SCHEDULE OF LONG-TERM DEBT  
YEAR ENDED SEPTEMBER 30, 2007

	<u>Definition and Purpose</u>	<u>Balance Outstanding Oct. 1, 2006</u>	<u>Transactions During Fiscal Year</u>		<u>Balance Outstanding Sept. 30, 2007</u>
			<u>Issued</u>	<u>Redeemed</u>	
Rural Development	Water System	\$ 123,339	\$ 20,699		\$ 102,640
Rural Development	Water System	192,502		4,192	188,310
Rural Development	Water System	115,221		3,008	112,213
Rural Development	Water System	37,154		7,908	29,246
Rural Development	Water System	259,117		4,001	255,116
Rural Development	Water System	199,697		36	199,661
	Total	<u>\$ 927,030</u>	<u>\$</u>	<u>\$ 39,844</u>	<u>\$ 887,186</u>

SEE ACCOUNTANT'S COMPILATION REPORT

TOWN OF FALKNER  
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS  
SEPTEMBER 30, 2007

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Amount</u>
Doyle Griffin	Mayor	Travelers Casualty & Surety Co. of America	\$ 50,000
Colleen Weeks	Town Clerk	Travelers Casualty & Surety Co. of America	50,000

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SEE ACCOUNTANT'S COMPILATION REPORT