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TOWN OF MCLAIN, MISSISSIPPI
COMPILED FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

Received
1-22-08

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CARY E. WILLILAMS
CERTIFICATED PUBLIC ACCOUNTANT
&
CERTIFIED FINANCIAL PLANNER

INDEPENDENT ACCOUNTANT'S REPORT

December 29, 2007

Honorable Mayor and Parsons
Town of McLain
Post Office Box 5
McLain, Mississippi 39456

I have applied certain agreed upon procedures, as discussed below, to the accounting records the Town of McLain, 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. It is understood that the report is solely for the use of the governing body of the Town of McLain, Mississippi, and the Office of the State Auditor. However, this report is a matter of public record, and its distribution is not limited. My procedures and findings are as follows:

- A. I reconciled cash on deposit in checking accounts 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 |
|-------------------------|-----------------------------|----------------------------|
| Trustmark National Bank | General | \$21,430.00 |
| Trustmark National Bank | Water and Sewer | 29,952.00 |
| Trustmark National Bank | General FEMA Fund | 2,348.00 |
| Trustmark National Bank | General Fire Funds | 1,009.00 |
| Trustmark National Bank | General (Savings) | 621.00 |
| Trustmark National Bank | General Beautification Fund | 127.00 |
| Trustmark National Bank | Emer. CDBG&HUD Fund | 182.00 |
| TOTAL | | \$55,669.00 |

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

| <u>Investment</u> | <u>Fund</u> | <u>Amount</u> |
|-------------------|--------------------------|---------------|
| Trustmark CD | Water & Sewer Katrina CD | \$52,339 |

C. I performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:

1. Verified use of certified county assessment rolls and traced levies to governing body minutes.
2. Examined uncollected taxes for proper handling, including tax sales.
3. Traced distribution of taxes collected to proper funds.
4. Analyzed increase in taxes for most recent period for completion with increase limitations of Section 27-39-320 to 27-39-329 of the Mississippi Code of 1972.

The distribution of taxes to funds was found to be in accordance with prescribed law levies, and uncollected taxes were determined to be properly handled.

Ad valorem tax collections were found to be within the limitations of sections 27-29-320 through 27-39-323, Mississippi Code Ann. (1972).

D. I obtained a statement of payments made by the State Department of Finance and Administration to the town. The payments were traced to deposits in the respective bank accounts and recorded in the general ledger without exceptions. Cash receipts traced were as follows:

| Payment Purpose | Receiving Fund | General Ledger Amount |
|-----------------------|----------------|-----------------------|
| Sales Tax Allocation | General | \$20,771.00 |
| Gasoline Tax | General | 1,696.00 |
| General Municipal Aid | General | 314.00 |
| Homestead Exemption | General | 2,724.00 |

E. I selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for compliance with public purchasing requirements set forth in Sections 31-7-1, 31-7-57, Mississippi Code, 1972, annotated, as applicable.

The sample consisted of the following:

| | |
|------------------------|-------------|
| Number of sample items | 14 |
| Dollar value of sample | \$19,205.00 |

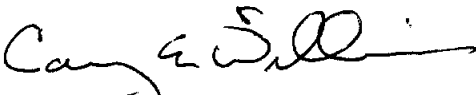
I found the Town's purchasing procedures to be in compliance with the requirements of the above sections.

F. The town did complete the Municipal Compliance Questionnaire as required. I reviewed the questionnaire and determined it to be correct and consistent.

G. Long term debt for the town at 9-30-07 is shown below:

| <u>Long Term Debt</u> | <u>Balance 10-01-06</u> | <u>Redeemed</u> | <u>Balance 09-30-07</u> |
|------------------------------|-------------------------|-----------------|-------------------------|
| USDA Water & Sewer, 4.5% | \$187,954 | \$2,960 | \$184,994 |
| MS Development Authority, 3% | \$6,824 | \$1,280 | \$5,544 |
| Trustmark Bank | <u>-0-</u> | <u>1,332</u> | <u>8,668</u> |
| Total | \$194,778 | \$5,572 | \$199,206 |

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, I 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 my attention that caused me to believe that the specified accounts or items 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 relates only to the accounts and items specified above and do not extend to any financial statements of the Town of McLain, taken as a whole.


 Cary E. Williams, CPA

December 29, 2007

Town of McLain, Mississippi
 COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
 For the Fiscal Year Ended September 30, 2007

| | Governmental Fund Type General | Proprietary Fund Type Enterprise | Totals (Memorandum Only) 2007 |
|---|--------------------------------------|--|-------------------------------------|
| Revenue Receipts | | | |
| General Property Taxes | \$46,156 | | \$46,156 |
| Penalties and Interest on Delinquent Taxes | | | |
| Licenses and Permits | 539 | | 539 |
| Intergovernmental Revenues | | | |
| General Municipal Aid: | | | |
| Municipal Aid | 314 | | 314 |
| Homestead Exempt Reimb | 2,724 | | 2,724 |
| State Shared Receipts | | | |
| Sales Tax | 20,771 | | 20,771 |
| Fire Protection Alloc. | | | |
| Gasoline Taxes | 1,696 | | 1,696 |
| Traffic Safety Grant | | | |
| Charges for Services: | | | |
| Water Utility | | 78,003 | 78,003 |
| Garbage Fees | | 24,802 | 24,802 |
| Fines and Forfeits | 3,608 | | 3,608 |
| Other Receipts | | | |
| Franchise Tax Utilities | 12,616 | | 12,616 |
| Interest Income | | 2,341 | 2,341 |
| Railcar Tax | 3,624 | | 3,624 |
| Miscellaneous | 2,887 | | 2,887 |
| Total Operating Receipts | 94,935 | 105,146 | 200,081 |
| Other Receipts | | | |
| CD Redemption | 10,118 | | 10,118 |
| Trustmark Loan | | 10,000 | 10,000 |
| Meter Deposits | | 2,430 | 2,430 |
| Total Other Receipts | 10,118 | 12,430 | 22,548 |
| Total Receipts | 105,053 | 117,576 | 222,629 |
| Cash Balance--Beg of Year | 30,738 | 87,376 | 118,114 |
| TOTAL AMT TO ACCOUNT FOR | \$135,791 | \$204,952 | \$340,743 |

See acct's compilation report

Town of McLain, Mississippi
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
For the Fiscal Year Ended September 30, 2007

| | Governmental Fund Type <u>General</u> | Proprietary Fund Type <u>Enterprise</u> | Totals (Memorandum Only) <u>2007</u> |
|-----------------------------------|---|---|--|
| Operating Disbursements | | | |
| General Government | \$71,346 | | \$71,346 |
| Public Safety | 38,728 | | 38,728 |
| Enterprises: | | | |
| Water and Sewer | | 107,966 | 107,966 |
| Interest on loans | | 9,123 | 9,123 |
| Total Operating Disbursements | <u>110,074</u> | <u>117,089</u> | <u>227,163</u> |
| Other Disbursements | | | |
| Principal Retirement | | 5,572 | 5,572 |
| Total Disbursements | 110,074 | 122,661 | 232,735 |
| Cash Balance End of Year | 25,717 | 82,291 | 108,008 |
| TOTAL AMOUNT ACCOUNTED FOR | <u>\$135,791</u> | <u>\$204,952</u> | <u>\$340,743</u> |

See acct's compilation report

TOWN OF MCLAIN

Schedule of Surety Bonds of Municipal Officials
September 30, 2007

| <u>Name</u> | <u>Position</u> | <u>Surety</u> | <u>Amount</u> |
|----------------------|-----------------|---------------------------------------|---------------|
| Jimmie G. McLain | Mayor | Briar Field Ins. Co. | 50,000 |
| Sherrie Burley | Town Clerk | Fidelity & Deposit Co. of Maryland | 50,000 |
| Robert Brannon | Police Chief | Brock – Wyman Inc Co | 50,000 |
| <u>Alderman</u> | | | |
| Melanie L. Byrd | | MS Municipal Bond PGM | 3,000 |
| Billy Harvison | | MS Municipal Bond PGM | 3,000 |
| James Hobby | | MS Municipal Bond PGM | 3,000 |
| Clyde Sylvester | | MS Municipal Bond PGM | 3,000 |
| George Williams, Sr. | | MS Municipal Bond PGM | 3,000 |

See accountant's compilation report.

TOWN OF MCLAIN, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended September 30, 2007

Note A: Summary of Significant Accounting Policies

General Information

The City operates under the board of alderman form of government and provides services as authorized by law.

Reporting Entity

The financial statement of the City consists of all the funds of the City.

Fund Accounting

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. Funds are classified into categories as follows:

Governmental Funds

The *General Fund* is the main operating fund of the Town. It is used to account for all the financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from this fund.

Special Revenue Funds are used to account for the proceeds of specific revenue resources that are legally restricted to expenditure for specified purposes.

Proprietary Funds

The *Enterprise fund* is used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the Town had decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

Basis of Accounting

The financial statement is prepared on a cash receipts and disbursements basis, which is a comprehensive basis of accounting other than generally accepted accounting principles. This basis is 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.

TOWN OF MCLAIN, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended September 30, 2007

Note A: Summary of Significant Accounting Policies – continued

Property Tax Revenues

The Town's Board of Alderpersons, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. For the current year, the Town levied taxes in the amount of 31.46 mills.

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 and does not conform to the form and format as implemented in GASB Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments.