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**TOWN OF MONTROSE  
COMBINED STATEMENT OF CASH RECEIPTS  
AND DISBURSEMENTS  
ALL FUNDS  
SEPTEMBER 30, 2007**

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# HOLT & ASSOCIATES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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Division of CPA Firms  
Private Companies Practice Section

## ACCOUNTANTS' COMPILATION REPORT

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

We have compiled the accompanying Combined Statement of Cash Receipts and Disbursements – all funds of the Town of Montrose 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. This financial statement has 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 information that is the representation of management. We have not audited or reviewed the accompanying statement of cash receipts and disbursements – all funds and, accordingly, do not express an opinion or any other form of assurance on it.

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, these financial statements are not designed for those who are not informed about such matters.

The supplementary information contained on pages 6 and 7 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 Montrose, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.



April 18, 2008

**TOWN OF MONTROSE, MISSISSIPPI**  
**COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**ALL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2007**

	<u>Governmental</u> <u>Fund Type</u> General	<u>Proprietary</u> <u>Fund Type</u> Water	<u>Totals</u> 2007	<u>Totals</u> <u>(Memo Only)</u> 2006
<b>Revenue Receipts:</b>				
General Property Taxes	\$ 3,604	\$ -	\$ 3,604	\$ 3,664
Licenses and Permits:				
Utility Franchise Charges	3,661	-	3,661	1,634
Intergovernmental Receipts:				
State Grants:				
General Municipal Aid	31,302	-	31,302	81,096
Homestead Exemption Reimbursement	593	-	593	560
Other	-	-	-	5,147
State Shared Receipts:				
Sales & Gasoline Taxes	9,063	-	9,063	8,997
County Grants and Shared Receipts:				
Rail Car Tax	790	-	790	714
Charges for Services				
Water Utility	-	52,571	52,571	53,281
Interest	-	3,025	3,025	1,443
	<u>49,013</u>	<u>55,596</u>	<u>104,609</u>	<u>156,536</u>
<b>Total Revenue Receipts</b>				
<b>Other Receipts:</b>				
Loan Proceeds	-	-	-	-
Transfers In	-	-	-	5,527
Other	18,173	-	18,173	2,497
	<u>18,173</u>	<u>-</u>	<u>18,173</u>	<u>8,024</u>
<b>Total Other Receipts</b>				
<b>Total Receipts</b>	67,186	55,596	122,782	164,560
<b>Cash Balance, Beginning of Year</b>	<u>3,106</u>	<u>80,923</u>	<u>84,029</u>	<u>83,040</u>
<b>TOTAL AMOUNT TO ACCOUNT FOR</b>	<u>\$ 70,292</u>	<u>\$ 136,519</u>	<u>\$ 206,811</u>	<u>\$ 247,600</u>

See Accountant's Compilation Report

**TOWN OF MONTROSE, MISSISSIPPI**  
**COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ALL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2007**

	<u>Governmental</u> <u>Fund Type</u> General	<u>Proprietary</u> <u>Fund Type</u> Water	<u>Totals</u> 2007	<u>Totals</u> <u>(Memo Only)</u> 2006
<b>Operating Disbursements:</b>				
General Government:				
Personnel	\$ 1,410	\$ -	\$ 1,410	\$ 1,410
Commodities	62,000	-	62,000	100,213
Contractual	959	-	959	1,641
Debt Service:				
Principal	-	1,589	1,589	10,340
Interest	-	1,035	1,035	1,459
Enterprises:				
Water Utility:				
Personnel	-	15,828	15,828	14,346
Commodities	-	23,172	23,172	23,728
Contractual	-	<u>5,802</u>	<u>5,802</u>	<u>4,907</u>
<b>Total Operating Disbursements</b>	<u>64,369</u>	<u>47,426</u>	<u>111,795</u>	<u>158,044</u>
<b>Other Disbursements:</b>				
Transfers Out	-	-	-	5,527
Capital Outlay	-	-	-	-
<b>Total Other Disbursements</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,527</u>
<b>Total Disbursements</b>	64,369	47,426	111,795	163,571
<b>Cash Balance, End of Year</b>	<u>5,923</u>	<u>89,093</u>	<u>95,016</u>	<u>84,029</u>
<b>TOTAL AMOUNT ACCOUNTED FOR</b>	<u>\$ 70,292</u>	<u>\$ 136,519</u>	<u>\$ 206,811</u>	<u>\$ 247,600</u>

See Accountant's Compilation Report

**TOWN OF MONTROSE, MISSISSIPPI**  
**SELECTED NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

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**Note A: Summary of Significant Accounting Policies**

**General Information**

The Town operates under the mayor/aldermen 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 separated accounting entity.

**Basis of Accounting**

The financial statement is prepared on a cash receipts and disbursement 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 MONTROSE  
SCHEDULE OF LONG-TERM DEBT  
YEAR ENDED SEPTEMBER 30, 2007**

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	<b>Definition &amp; Purpose</b>	<b>Outstanding Oct. 1, 2006</b>	<b>Additions</b>	<b>Reductions</b>	<b>Outstanding Sept. 30, 2007</b>
Capmark Finance Inc.	Water System	\$ 21,428.60	\$ -	\$ 1,589.90	\$ 19,838.70

**TOWN OF MONTROSE**  
**SCHEDULE OF SURETY BONDS OF MUNICIPAL OFFICIALS**  
**SEPTEMBER 30, 2007**

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<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Amount</u>
Carl Matthews	Mayor	RLI Surety	\$10,000
Ed Nix	Town Clerk	RLI Surety	60,000
Tim Bean	Water Manager	RLI Surety	10,000
Janelle Nix	Alderman	Scott Municipal Insurance	5,000
Edna Pugh	Alderman	Scott Municipal Insurance	5,000
Eddie Norvell	Alderman	Scott Municipal Insurance	5,000
Kenneth Smith	Alderman	Scott Municipal Insurance	5,000
Ann Doggett	Alderman		-

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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED – UPON PROCEDURES

To the Mayor and Board of Aldermen of the  
Town of Montrose  
Montrose, Mississippi

We have performed the procedures as discussed below, to the accounting records of the town of Montrose, Mississippi, as of September 30, 2007 and for the year then ended, as required by the Office of State Auditor, under the provisions of Section 21-35-31, Miss. Code Ann. (1972). This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. It is understood the report is solely for the use of the governing body of the Town of Montrose, 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 banks to balances in the respective general ledger accounts and obtained confirmation of the related balances from the banks:

<u>Bank</u>	<u>Fund</u>	<u>General Ledger Balance</u>
Newton Co. Bank	General	\$ 5,923
Newton Co. Bank	Water	5,618
Newton Co. Bank	Water	43,436
Newton Co. Bank	Water	13,054

2. We examined certificates of deposit held for investment. The investments were confirmed directly with the bank. All investment transactions were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972)

<u>Fund</u>	<u>Interest Rate</u>	<u>Acquisition Date</u>	<u>Maturity Date</u>	<u>Bank</u>	<u>Ledger Cost</u>
Water	4.75	9/13/07	9/13/08	Newton County	\$26,985

3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
  - a. Verified use of certified county assessment rolls and traced levies to governing body minutes;
  - b. Examined uncollected taxes for proper handling, including tax sales;
  - c. Traced distribution of taxes collected to proper funds; and
  - d. Analyzed increase in taxes for most recent period for compliance with increase limitations of Sections 27-39-320 through 27-39-323, Miss.Code Ann. (1972).

The distribution of taxes to funds was in accordance with prescribed tax levies; however, no tax sale was held for uncollected taxes.

Ad valorem tax collections were within the limitations of Section 27-39-320 through 27-39-323, Miss.Code, 1972, Ann.

4. We obtained a statement of payments made by the Mississippi Department of Finance and Administration to the town. The payments were traced to deposit in banks and recording in the general ledger without exception. Cash receipts were as follows:

<u>Purpose</u>	<u>Fund</u>	<u>Amount</u>
Sales & Gasoline Tax Allocation	General	\$ 8,905
Municipal Aid	General	66
Homestead Exemption	General	593
Fire Protection	General	601
Other	General	31,303

5. We selected a sample of purchases made by the town 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 31-7-57, Mississippi Code, 1972, Annotated, as applicable.

The sample consisted of the following:

Number of Sample Items – 20  
 Dollar Value of Sample - \$3,471

We found the Town's purchasing procedures to be in agreement with the requirements of the above-mentioned sections.

6. We have read the Municipal Compliance Questionnaire completed by the Town. The following responses to the questionnaire indicate noncompliance with state requirements:
  1. The Town failed to conduct an annual land sale for delinquent ad valorem tax.
  2. The Town failed to ensure that all required personnel were covered by appropriate surety bonds.

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.

*H&H + Associates*

April 18, 2008