



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 SHUQUALAK, MISSISSIPPI**  
**COMPILATION REPORT AND**  
**SPECIAL REPORT ON**  
**AGREED-UPON PROCEDURES**  
**FOR SMALL TOWNS**  
**SEPTEMBER 30, 2007**

**RECEIVED**  
**DEC 10 2007**  
**STATE AUDITOR'S OFFICE**

**TOWN OF SHUQUALAK, MISSISSIPPI**  
**COMPILATION REPORT**  
**SEPTEMBER 30, 2007**

**CONTENTS**

	<u>Page</u>
Accountants' Compilation Report	1
Combined Statement of Receipts & Disbursements - Cash Basis	2-3
Notes to Financial Statement	4-5
Schedule of Investments -- All Funds	6
Schedule of Long-Term Debt	7
Schedule of Surety Bonds for Municipal Officials	8
Special Report on Agreed-Upon Procedures	9-12



**WATKINS, WARD AND STAFFORD**

Professional Limited Liability Company  
Certified Public Accountants

One Professional Plaza P.O. Box 1345 Starkville, MS 39760  
200 Hospital Road  
Phone (662) 323-9071

Fax (662) 323-9075

James L. Stafford, CPA  
Harry W. Stevens, CPA  
Boyd M. Edwards, CPA  
Paul A. Ray, CPA  
S. Keith Winfield, CPA  
William B. Staggers, CPA  
Aubrey R. Holder, CPA  
David M. Howell, CPA  
Michael W. McCully, CPA  
Mort Stroud, CPA  
Gary C. Hamilton, CPA

R. Steve Sinclair, CPA  
Michael L. Pierce, CPA  
Marsha L. McDonald, CPA  
Wanda S. Holley, CPA  
Robin Y. McCormick, CPA/PFS  
J. Rancy Scrivner, CPA  
Kimberly S. Caskey, CPA  
Susan M. Lummus, CPA  
Thomas J. Browder, CPA  
Stephen D. Flake, CPA  
John N. Russell, CPA

The Honorable Mayor and Board of Aldermen  
Town of Shuqualak, Mississippi  
Shuqualak, Mississippi

We have compiled the accompanying combined statement of receipts and disbursements-cash basis of the Town of Shuqualak, Mississippi for the year ended September 30, 2007, and the accompanying supplemental information, 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 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 a financial statement information that is the representation of management. We have not audited or reviewed the accompanying financial statement and, accordingly, do not express an opinion or any other form of assurance on it.

Management has not presented the management's discussion and analysis information and 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 statements.

Starkville, Mississippi  
November 1, 2007

**TOWN OF SHUQUALAK, MISSISSIPPI**  
**COMBINED STATEMENT OF RECEIPTS AND DISBURSEMENTS - CASH BASIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	General	Special Revenue	Capital Projects	Proprietary Funds	Fiduciary Fund	Totals (Memorandum Only) 2007
<b>Revenue Receipts:</b>						
General Property Taxes	\$ 126,953					\$ 126,953
Penalties and Interest on Delinquent Taxes	384					384
Licenses and Permits	835					835
<b>Intergovernmental Revenues:</b>						
Federal Revenue:						
Emergency Food and Shelter Program Grant		14,242				14,242
Home Program Grant		10,850				10,850
Department of Public Safety Grant	2,338					2,338
Public Assistance Grant	8,429					8,429
General Municipal Aid	293					293
<b>State Shared Revenues:</b>						
Sales Tax	31,718					31,718
Gasoline Tax	1,545					1,545
Fire Protection	2,660					2,660
<b>County Revenues:</b>						
Fire Protection	4,050					4,050
Road and Bridge Tax	2,241					2,241
<b>Charges for Services:</b>						
Water Utility				228,923		228,923
Solid Waste				35,612		35,612
Gas Utility				119,271		119,271
Fines and Forfeitures	3,557					3,557
<b>Total Receipts</b>	<b>185,003</b>	<b>25,092</b>	<b>0</b>	<b>383,806</b>		<b>593,901</b>
<b>Other Receipts:</b>						
Loans and Transfers	109,990			35,000		144,990
Interest Income	1,869	49	146	2,177	220	4,461
Donations	625					625
Miscellaneous	6,618					6,618
<b>Total Other Receipts</b>	<b>119,102</b>	<b>49</b>	<b>146</b>	<b>37,177</b>	<b>220</b>	<b>156,694</b>

The accompanying notes are an integral part of this financial statement.

**TOWN OF SHUQUALAK, MISSISSIPPI**  
**COMBINED STATEMENT OF RECEIPTS AND DISBURSEMENTS - CASH BASIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	General	Special Revenue	Capital Projects	Proprietary Funds	Fiduciary Fund	Totals (Memorandum Only) 2007
<b>Total Receipts</b>	304,105	25,141	146	420,983	220	750,595
<b>Cash Balance - Beginning of Year</b>	41,725	499	6,626	78,835	4,798	132,483
<b>Total Amount to Account For</b>	\$ 345,830	25,640	6,772	499,818	5,018	\$ 883,078
<b>Operating Disbursements:</b>						
General Government	\$ 84,316					\$ 84,316
Public Safety:						
Police	134,673					134,673
Fire	3,205					3,205
Public Works	17,665					17,665
Health and Welfare	1,120	24,180				25,300
Culture and Recreation:						
Libraries	180					180
Cemetery	4,175					4,175
Enterprises:						
Water Utility				161,352		161,352
Gas Utility				146,217		146,217
Solid Waste				27,404		27,404
Interest on Bonds	12,340			4,927		17,267
<b>Total Operating Disbursements</b>	257,674	24,180	-	339,900	-	621,754
<b>Other Disbursements:</b>						
Bank Loans Repaid	4,662					4,662
Bonds Retired	10,130			4,926		15,056
Capital Outlay	2,598					2,598
Loans and Transfers	35,000		2,390	107,600		144,990
<b>Total Other Disbursements</b>	52,390		2,390	112,526		167,306
<b>Total Disbursements</b>	310,064	24,180	2,390	452,426	-	789,060
<b>Cash Balance - End of Year</b>	35,766	1,460	4,382	47,392	5,018	94,018
<b>Total Amount Accounted For</b>	\$ 345,830	25,640	6,772	499,818	5,018	\$ 883,078

The accompanying notes are an integral part of this financial statement.

**TOWN OF SHUQUALAK**  
**NOTES TO FINANCIAL STATEMENT**  
**SEPTEMBER 30, 2007**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

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

The citizens of Shuqualak have elected to operate under a Code Charter as permitted by Mississippi Statutes 21-3-3, which prescribes a Mayor and Board of Aldermen form of government.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic – but not only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no includable or excludable potential component units.

**Fund Accounting**

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in financial statements in this report, into four generic fund types and two broad fund categories as follows:

**Governmental Funds:**

**TOWN OF SHUQUALAK**  
**NOTES TO FINANCIAL STATEMENT**  
**SEPTEMBER 30, 2007**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

**General Fund** – The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Fund** – The Special Revenue Fund accounts for the proceeds of specific revenue sources, other than major capital projects or expendable trust funds that are legally restricted to expenditures for specified purposes.

**Proprietary Funds:**

**Enterprise Funds** – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Town uses the cash receipts and disbursements basis of accounting as prescribed by the Mississippi State Department of Audit. Revenues are recognized when received rather than when earned and expenditures are recognized when paid rather than when the liability is incurred.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**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 SHUQUALAK  
 SCHEDULE OF INVESTMENTS - ALL FUNDS  
 SEPTEMBER 30, 2007

OWNERSHIP	TYPE OF INVESTMENT	INTEREST RATE	ACQUISITION DATE	MATURITY DATE	OTHER INFORMATION	INVESTMENT COST/VALUE
Fire Department	Certificate of Deposit	4.50%	5/30/2007	11/28/2007	BankFirst Financial Services	\$ 6,000.00
Fire Department	Certificate of Deposit	4.85%	8/21/2007	2/19/2008	BankFirst Financial Services	\$ 5,000.00
Cemetery Fund	Certificate of Deposit	5.00%	9/26/2006	3/26/2008	BankFirst Financial Services	\$ 1,000.00
Cemetery Fund	Certificate of Deposit	4.85%	8/21/2007	2/19/2008	BankFirst Financial Services	\$ 3,000.00
Cemetery Fund	Certificate of Deposit	4.91%	7/17/2007	4/11/2008	BankFirst Financial Services	\$ 5,122.48
Unemployment Fund	Certificate of Deposit	4.50%	7/14/2006	1/14/2008	BankFirst Financial Services	\$ 5,017.99
Capital Improvements	Certificate of Deposit	4.75%	6/10/2007	12/10/2007	BankFirst Financial Services	\$ 3,700.00
Water Department	Certificate of Deposit	3.75%	12/20/2005	6/20/2008	BankFirst Financial Services	\$ 3,127.00
Water Department	Certificate of Deposit	4.91%	1/11/2007	1/11/2009	BankFirst Financial Services	\$ 13,279.12
Water Department	Certificate of Deposit	4.90%	7/20/2007	1/20/2009	BankFirst Financial Services	\$ 1,158.85

**TOWN OF SHUQUALAK, MISSISSIPPI  
SCHEDULE OF LONG-TERM DEBT  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

<u>DEFINITION AND PURPOSE</u>	<u>Balance Outstanding 10/1/2006</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance Outstanding 9/30/2007</u>
<b>General Obligation Bonds:</b>				
Street Improvement Bonds	\$ 221,359		10,130	211,229
<b>Revenue Bonds:</b>				
W & S Revenue Bonds	101,990		4,926	97,064
<b>Other Long-term Debt:</b>				
Note Payable - BankFirst	<u>27,121</u>		<u>4,662</u>	<u>22,459</u>
<b>Totals</b>	<b>\$ <u>350,470</u></b>	<b><u>-</u></b>	<b><u>19,718</u></b>	<b><u>330,752</u></b>

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

NAME	POSITION	INSURANCE COMPANY	BOND AMOUNT	BOND NUMBER	TIME PERIOD
Velma Jenkins	Mayor	St. Paul Surety	\$ 50,000	400TC8920	12/2/2006 - 12/2/2007
Joy Marro	City Clerk	St. Paul Surety	\$ 50,000	400TC8920	12/2/2006 - 12/2/2007
Mark Marro	Police Chief	St. Paul Surety	\$ 50,000	400TC8920	12/2/2006 - 12/2/2007
Kennedy Greathree	Policeman	St. Paul Surety	\$ 25,000	400TC8920	12/2/2006 - 12/2/2007
James Brandon	Policeman	St. Paul Surety	\$ 25,000	400TC8920	12/2/2006 - 12/2/2007
Larry Card	Policeman	St. Paul Surety	\$ 25,000	400TC8920	12/2/2006 - 12/2/2007
Shirley Blakley	Court Clerk	St. Paul Surety	\$ 10,000	400TC8920	12/2/2006 - 12/2/2007
Sonya Slaughter	Deputy Clerk	St. Paul Surety	\$ 10,000	400TC8920	12/2/2006 - 12/2/2007
Doris J Williams	Alderman	Scott Municipal Insurance	\$ 2,500	104562855	7/1/2005 - 7/1/2009
Mamie Turner	Alderman	Scott Municipal Insurance	\$ 2,500	104562855	7/1/2005 - 7/1/2009
Darrell Hunt	Alderman	Scott Municipal Insurance	\$ 2,500	104562855	7/1/2005 - 7/1/2009
Evelyn Murray	Alderman	Scott Municipal Insurance	\$ 2,500	104562855	7/1/2005 - 7/1/2009
Delores Horne	Alderman	Scott Municipal Insurance	\$ 2,500	104562855	7/1/2005 - 7/1/2009



**WATKINS, WARD AND STAFFORD**  
Professional Limited Liability Company  
Certified Public Accountants

One Professional Plaza P.O. Box 1345 Starkville, MS 39760  
200 Hospital Road  
Phone (662) 323-9071 Fax (662) 323-9075

James L. Stafford, CPA  
Harry W. Stevens, CPA  
Boyd M. Edwards, CPA  
Paul A. Ray, CPA  
S. Keith Winfield, CPA  
William B. Stagers, CPA  
Aubrey R. Holder, CPA  
David M. Howell, CPA  
Michael W. McCully, CPA  
Mort Stroud, CPA  
Gary C. Hamilton, CPA

R. Steve Sinclair, CPA  
Michael L. Pierce, CPA  
Marsha L. McDonald, CPA  
Wanda S. Holley, CPA  
Robin Y. McCormick, CPA/  
J. Randy Scrivner, CPA  
Kiraberly S. Caskey, CPA  
Susan M. Lummus, CPA  
Thomas J. Browder, CPA  
Stephen D. Flake, CPA  
John N. Russell, CPA

**SPECIAL REPORT ON AGREED-UPON  
PROCEDURES FOR SMALL MUNICIPALITIES (TOWNS)**

The Honorable Mayor and Board of Aldermen  
Town of Shuqualak, Mississippi

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Shuqualak, 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, Miss. Code Ann. (1972). It is understood the report is solely for the use of the governing body of the Town of Shuqualak, 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:

Bank	Fund	Balance per General Ledger
BankFirst Financial Services	General Funds:	
	General Fund	\$ 8,696.57
	General Fund	111.38
	Municipal Fire Protection Fund	567.51
	Shuqualak Day Account	135.61
	Police Dept. Forfeiture Acct.	100.09
	Police Fines	1,933.09
	A/P Clearing Account	1,165.35
	Payroll Acct.	2,934.33
	Total General Funds	<u>\$ 15,643.93</u>
	Special Revenue Funds:	
	Community Development Block Grant	\$ 100.00
	FEMA Account	1,259.77
	HOME Program	100.00
Total Special Revenue Funds	<u>\$ 1,459.77</u>	

Capital Projects Funds:	
Bond & Interest Fund Capital Improvements	\$ 247.64
Bond & Interest Fund Capital Improvements	334.28
Street & Fire House Improvements	100.00
Total Capital Projects Funds	\$ <u>681.92</u>

Proprietary Funds:	
Water & Sewer Operation Fund	\$ 19,056.29
Water Dept.	246.41
Water Tank Maintenance	1,437.16
Solid Waste Dept.	2,752.95
Gas Dept. Operation Fund	6,334.42
	\$ <u>29,827.23</u>

2. We physically examined securities held for investment. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972).

<u>General Security</u>	<u>Fund</u>	<u>Ledger Cost</u>
Certificate of Deposit	General Fund	\$ 6,000.00
Certificate of Deposit	General Fund	5,000.00
Certificate of Deposit	General Fund	1,000.00
Certificate of Deposit	General Fund	3,000.00
Certificate of Deposit	General Fund	5,122.48
Certificate of Deposit	Unemployment Fund	5,017.99
Certificate of Deposit	Capital Improvements Fund	3,700.00
Certificate of Deposit	Proprietary Fund	3,127.00
Certificate of Deposit	Proprietary Fund	13,279.12
Certificate of Deposit	Proprietary Fund	1,158.85
		\$ <u>46,405.44</u>

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

- a. Verify use of certified county assessment rolls and trace 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 the recent period for completion with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

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

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

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:

Payment Purpose	Receiving Fund/Account	General Ledger Amount
Sales Tax Allocation	General	\$ 31,718.48
Gen. Municipal Aid	General	292.93
TVA Pymts. Lieu of Tax	General	5,000.63
Fire Protection Allocation	General	2,659.51
Gasoline Tax	General	1,545.17
Homestead Exemption	General	9,211.04
Emergency Mgmt Funds	General	8,428.95
Other Aid to Municipalities	General	13,188.06
Total		<u>\$ 72,044.77</u>

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	25
Total Dollar Value of Sample	\$28,399.04

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

5. We have read the Municipal Compliance Questionnaire completed by the municipality. The completed survey indicated no instances of noncompliance with state requirements.

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 Shuqualak, Mississippi, for the year ended September 30, 2007.

Starkville, Mississippi  
November 1, 2007

*Watkins Ward and Stafford PLLC*