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January 4, 2010

Honorable Mayor, Members of the Board
of Alderman and Town Clerk
Town of Chunky
Chunky, MS

I have compiled the accompanying Combined Statement of Receipts and Disbursements of the Town of Chunky, as of September 30, 2009 and 2008 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, 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 and supplementary schedules information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The town has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's financial position, results of operations, and its cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters. I am not independent with respect to the Town of Chunky.

Sincerely,

Angie Shirley
President



January 4, 2010

Honorable Mayor, Members of the Board
of Alderman and Town Clerk
Town of Chunky
Chunky, MS

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Chunky, Mississippi, as of September 30, 2009, 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 Chunky, 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 have reconciled cash on deposit with the following banks to the balances in the respective general ledger accounts and obtained confirmation of the related balances from the banks:

<u>Bank</u>	<u>Fund</u>	<u>Balance per General Ledger</u>
Newton County Bank	General	\$ 73,910
Newton County Bank	Water and Sewer	27,704
Newton County Bank	Special Revenue	24,208

2. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
 - a. Verified the 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 recent period of 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).

We obtained a statement of payments made by the Department of Finance and Administration to the town. Payments indicated were traced to deposits in the respective bank accounts and recorded in the general ledger without exception. Payments were traced as follows:

<u>Payment purpose</u>	<u>Receiving Fund</u>	<u>Ledger Amount</u>
Sales Tax Allocation	General	
Gasoline Tax	General	
Homestead Exemption Reimb	General	1,424
Fire Protection Alloc	Special Revenue	20,901
General Municipal Aid	General	695

3. We selected a sample of purchases made by the town 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:

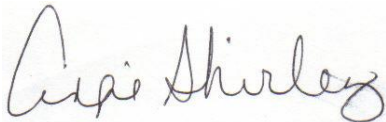
Number of sample items:	34
Total Dollar Value of Items Tested	\$ 300,325.94

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

4. We have read the Municipal Compliance Questionnaire completed by the town. The 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 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 preformed 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 Chunky, Mississippi, for the year ended September 30, 2009

Sincerely,



Angie Shirley
President

TOWN OF CHUNKY, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
SEPTEMBER 30, 2009

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond Amount</u>
Brenda Nicholson	Town Clerk		\$ 50,000
Sidney Steverson	Mayor		50,000
Bill Duncan	Alderman		10,000
Ken Skelton	Alderman		10,000
Aaron Clark	Alderman		10,000
Jacky Johnson	Alderman		10,000
Robert Williamson	Alderman		10,000

TOWN OF CHUNKY, MISSISSIPPI
 SCHEDULE OF LONG TERM DEBT
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Balance Outstanding 09/30/08	Transaction During Fiscal Year Issued Redeemed	Balance Outstanding 09/30/09
Revenue Bonds			
Water and Sewer	\$148,692.00		148,692.00
Totals	148,692.00		\$148,692.00



NOTES TO THE FINANCIAL STATEMENT
September 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. General Information – The Town of Chunky operates under the Mayor/Board of Alderman form of government and provides services as authorized by law.
- B. Reporting Entity – The financial statement of the Town consists of all of the funds of the town.
- C. Fund accounting – The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity.
- D. Basis of accounting – The financial statement is prepared on a cash basis which is prescribed by the Mississippi State Department of Audit.

II. REPORT CLASSIFICATIONS

Receipts and disbursements were classified according to requirements for small towns in the State of Mississippi as prescribed by the Mississippi State Department of Audit.

Sincerely,

Angie Shirley
President