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COMPILED FINANCIAL STATEMENTS
TOWN OF ECRU, MISSISSIPPI
September 30, 2009

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Accountant's Compilation Report

Honorable Mayor and Board
Of Alderpersons
Town of Ecu
Ecu, Mississippi

I have compiled the accompanying statement of cash receipts and disbursements of the Town of Ecu, Mississippi for the year ended September 30, 2009 and the Schedule of Long Term Debt and Schedule of Surety Bonds for Town Officials, which are presented 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 statements have 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 and supplementary schedules information that is the representation of management. I have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

Management has not presented government-wide financial statements to display the cash basis financial position and changes in cash basis financial position of its governmental activities and business-type activities. Accounting principles generally accepted in the United States of America, as applied to the Town's cash basis of accounting, require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements resulting from cash basis transactions for the Town's governmental activities and business-type activities are not reasonably determinable.

The Mayor and Alderpersons have elected to omit substantially all of the disclosures ordinarily included in the financial statements prepared on the cash basis of accounting. If the omitted disclosures were included in the financial statements, 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.

Management also has not presented management's discussion and analysis and other required supplemental information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

In accordance with the provisions of Section 21-35-31, Miss. Code Ann. (1972), I have issued a report dated January 21, 2010, on the results of our agreed upon procedures.


John M. Lauderdale
Certified Public Accountant

January 14, 2010

TOWN OF ECRU MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For the fiscal year ended September 30, 2009

	Governmental Activities	Business-type Activities	Total
	General Fund	Water and Sewer	
Receipts			
General Property Taxes	\$131,983		\$131,983
In Lieu of Taxes	44,648		44,648
License and Permits			
Privilege License	1,745		1,745
Building Permits	210		210
Franchise Tax	10,109		10,109
Intergovernmental Revenue:			
State Shared Revenues:			
Sales Tax	120,966		120,966
Gasoline Tax	2,603		2,603
General Municipal Aid	494		494
Fire Insurance Premium Tax Distribution	5,004		5,004
Law Enforcement Assistance Grant	4,491		4,491
Grants	80,000		80,000
Charges for Services:			
Sanitation	31,766		31,766
Water and Sewer		343,091	343,091
Other Receipts:			
County Fire Support	10,566		10,566
Rents	3,011		3,011
Fines	26,403		26,403
Miscellaneous	5,947	95	6,042
Interest Income	669	2,627	3,296
Cemetery Lots & Donations	564		564
General Donations	200		200
Park Revenues & Donations	6,537		6,537
Total Receipts	\$487,916	\$345,813	\$833,729

See accountant's compilation report.

TOWN OF ECRU MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS, Continued
For the fiscal year ended September 30, 2009

	Governmental Activities	Business-type Activities	Total
	General Fund	Water and Sewer	
Disbursements			
General Government	\$191,965		\$191,965
Public Safety:			
Police	242,699		242,699
Fire	31,803		31,803
Maintenance of Public Property	12,124		12,124
Recreation	17,660		17,660
Sanitation	31,637		31,637
Water & Sewer		259,626	259,626
Interest		31,337	31,337
Total Disbursements	527,888	290,963	818,851
Excess (Deficiency) of receipts over disbursements	(39,972)	54,850	14,878
Other financing sources (uses):			
Proceeds of loans			0
Capital Outlay		(36,286)	(36,286)
Debt Retired		(35,005)	(35,005)
Payroll withholding	1,002		1,002
Void checks from prior year			
Transfers	2,290	(2,290)	0
Total Other financing sources (uses)	3,292	(73,581)	(70,289)
Excess (Deficiency) of receipts and other financing sources over disbursements and other financing uses	(36,680)	(18,731)	(55,411)
Cash Basis Fund Balance-Beginning of Year	188,379	170,904	359,283
Cash Basis Fund Balance-End of Year	\$151,699	\$152,173	\$303,872

See accountant's compilation report.

TOWN OF ECRU, MISSISSIPPI
 SCHEDULE OF LONG TERM DEBT
 September 30, 2009

Definition & Purpose	Balance Outstanding October 1, 2008	Transactions During Fiscal Year		Balance Outstanding September 30, 2009
		Issued	Redeemed	
Water & Sewer:				
Note Payable Rural Development	288,077		12,623	275,454
Note Payable Capmark	16,408		3,306	13,102
Note Payable Capmark	134,013		12,255	121,758
Note Payable MDA	158,133		6,912	151,221
Totals	\$596,631	\$0	\$35,096	\$561,535

See accountant's compilation report

TOWN OF ECRU, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
September 30, 2009

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Gretchin Moody	Town Clerk	Old Republic Surety Co.	\$50,000
Lisa Holcomb	Deputy Clerk	Old Republic Surety Co.	\$50,000
Gable Todd	Deputy Clerk	Old Republic Surety Co.	\$50,000
Randall Wilson	Police Chief	Old Republic Surety Co.	\$50,000
Board Members	Board of Aldermen	Old Republic Surety Co.	\$15,000 each

See accountant's compilation report.

AUDITOR'S SPECIAL REPORT
ON AGREED UPON PROCEDURES
Town of Ecu, Mississippi
September 30, 2009

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Independent Accountant's Report
On Applying Agreed-Upon Procedures

Mayor and Board of Alderpersons
Town of Ecu, Mississippi

I have applied certain agreed-upon procedures, as described below, to the accounting records of the Town of Ecu, Mississippi, as of September 30, 2009, and for the year then ended, as required by the Office of the State Auditor, under provisions of Section 21-35-31, Miss. Code Ann. (1972). This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of this report. It is understood the report is solely for the use of the governing body of the Town of Ecu, Mississippi, and the Office of the State Auditor and should not be used for any other purposes. Consequently, I make no representations regarding the sufficiency of the procedures described below either for which this report has been requested or for any other purpose. My procedures and findings are as follows:

1. I 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>Balance per General Ledger</u>
Bancorpsouth	General	\$ 151,699
Bancorpsouth	Water & Sewer	\$ 152,173

2. I confirmed all investments as of the fiscal year end. They were in the form of Certificates of Deposit that are included in the amounts above. The General Fund had a certificate in the amount of \$15,871 and the Water & Sewer Fund has certificates in the amount of \$59,303. All investment transactions were examined for compliance with investments authorized by section 21-33-323 of the Mississippi Code of 1972.
3. I performed the following procedures with respect of taxes on real and personal property (including motor vehicles) levied during the fiscal year:
 - a. Traced Levies to governing body minutes.
 - b. I confirmed with the Pontotoc County Tax Assessor/Collector the amounts collected on behalf of the Town and remitted to them. I traced these into the general ledger without exception.
 - c. Determined that uncollected taxes were properly handled, including tax sales.
 - d. Traced distribution of taxes collected to proper funds without exception.
 - e. Analyzed increase in taxes for most recent period for compliance 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.

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

The Town conducted a tax sale for delinquent taxes in accordance with Section 21-33-63, Miss. Code Ann. (1972).

4. I obtained a statement of amounts paid by the Department of Finance & Administration to the municipality. Payments indicated were traced to deposits in the general ledger in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>General Ledger Amount</u>
Sales Tax Allocation	General Fund	\$120,966
Homestead Reimbursement	General Fund	11,575
Fire Protection Allocation	General Fund	5,004
General Municipal Aid	General Fund	494
Gasoline Tax	General Fund	2,603
TVA – In Lieu of Tax	General Fund	29,090
Grant-Public Safety	General Fund	4,491
Grant- MDA	General Fund	80,000

5. I 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 Sections 31-7-1, 31-7-13, 31-7-49, and 31-7-57, Miss. Code Ann. (1972), as applicable.

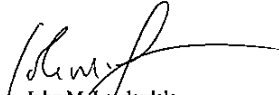
The sample consisted of the following:

Number of sample items	110
Total dollar value of sample	\$ 254,502

I found that the municipality's purchasing procedures were in noncompliance in several instances. In 15 of the items sampled, totaling \$92,296, expenditures were not properly authorized in the minutes. In addition, the municipality failed to obtain competitive quotes when required on 8 of those expenditures. These 8 totaled \$81,510, and were related to the construction of a new police department building.

6. I have read the municipal compliance questionnaire completed by the municipality. The completed survey indicated no instances of noncompliance with state requirements. However, as noted in item 5, there were some instances of noncompliance with the purchasing laws and proper approval of expenditures.

Because the above procedures do not constitute an audit in accordance with audit standards generally accepted in the United States of America, I 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 my attention that caused me to believe the items specified in Paragraphs 1, 2, and 3 should be adjusted. Had I performed additional procedures or had I conducted an audit of the financial statements in accordance with auditing standards generally accepted in the United States of America, matters might have come to my attention that would have been reported to you. This report should not be associated with the compiled financial statements of the Town of Ecu, Mississippi for the year ended September 30, 2009.



John M. Lauderdale
Certified Public Accountant

January 21, 2010