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FINANCIAL STATEMENTS
Town of Shannon, Mississippi
For the year ended
September 30, 2009

TOWN OF SHANNON, MISSISSIPPI
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ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES

**FRANKS,
FRANKS &
JARRELL, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

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JONATHAN HAGOOD
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OFFICES LOCATED IN
TUPELO, FULTON & AMORY

MEMBERS OF THE
AICPA & MSCPA

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

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Shannon, 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 Shannon, Mississippi, and the Office of the State Auditor and should not be used for any other purposes. Our procedures and findings are as follows:

- A. 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>Balance Per General Ledger</u>
Renasant Bank	General Fund	\$ 117,248
Renasant Bank	General Fund	250,000
Renasant Bank	General Fund	<u>895</u>
Total General Fund		\$ <u>368,143</u>
Renasant Bank	Special Revenue	\$ 143,362
Renasant Bank	Special Revenue	<u>8,767</u>
Total Special Revenue Fund		\$ <u>152,129</u>
Renasant Bank	Proprietary Fund	\$ 3,421
Renasant Bank	Proprietary Fund	58,741
Renasant Bank	Proprietary Fund	131,471
Renasant Bank	Proprietary Fund	35,065
Renasant Bank	Proprietary Fund	731
Renasant Bank	Proprietary Fund	199,937
Renasant Bank	Proprietary Fund	50,541
Renasant Bank	Proprietary Fund	25,151
Renasant Bank	Proprietary Fund	300,000
Renasant Bank	Proprietary Fund	<u>127,835</u>
Total Proprietary Fund		\$ <u>932,893</u>

- B. We 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. Reconciled the amount of taxes levied per the tax rolls to amounts actually collected;
3. Examined uncollected taxes for proper handling, including tax sales;
4. Traced distribution of taxes collected to proper funds; and
5. Analyzed increase in taxes for most 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).

- C. We obtained a statement of payments made by the Mississippi Department of Finance and Administration to the municipality. Payments indicated were traced to deposit in the respective bank accounts and recorded in the general ledger. Payments traced were as follows:

<u>Purpose</u>	<u>Receiving Fund</u>	<u>Amount</u>
Sales Tax Allocation	General Fund	\$ 171,220
Gasoline Tax	General Fund	4,452
TVA In Lieu	General Fund	19,728
General Municipal Aid	General Fund	864
Fire Protection Allocation	Special Revenue Fund	8,756
Liquor Privilege Tax	General Fund	1,800
Park Grant	General Fund	3,500
Forestry Grant	General Fund	2,459
Wireless Communications Grant	General Fund	1,400
Homestead Exemption Reim	General Fund	7,151

- D. 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	4
Dollar Value of Sample	\$ 83,261

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

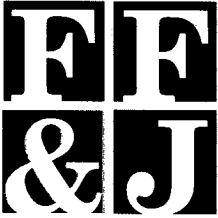
- E. We have read the Municipal Compliance Questionnaire completed by the municipality. The following responses to the questionnaire indicate noncompliance with state requirements:

1. The Town has completed the annual inventory of fixed assets and has not tagged all assets that are required to be tagged. The Town has not compiled a complete Fixed Asset Inventory Ledger as required by state statutes. (Section 7-7-211 - Municipal Audit and Accounting Guide)

Because the above procedures do not constitute an audit conducted 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 that the items specified in the 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 Shannon, Mississippi, for the year ended September 30, 2009.

Franks, Franks & Jarrell, P.A.

Franks, Franks & Jarrell, P.A.
February 1, 2010



ACCOUNTANTS' COMPILATION REPORT

**FRANKS,
FRANKS &
JARRELL, P.A.**

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

CERTIFIED PUBLIC ACCOUNTANTS

We have compiled the accompanying statement of cash receipts and disbursements - all fund types of the Town of Shannon, Mississippi, for the year ended September 30, 2009, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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A compilation is limited to presenting in the form of financial statements information that is the representation of the Town's officials. We have not audited or reviewed the accompanying statement of cash receipts and disbursements - all fund types and, accordingly, do not express an opinion or any other form of assurance on it.

The Town's policy is to prepare its financial statements on the basis of cash receipts and disbursements; consequently, certain revenue is recognized when received rather than when measurable and available, and certain expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the statement of cash receipts and disbursements - all fund types is not intended to present results of operations, in conformity with generally accepted accounting principles.

SHAREHOLDERS:

RUDOLPH F. FRANKS

GARY M. FRANKS

P. GREG JARRELL

BRYON WILEMON

The Town's management has elected to omit substantially all of the disclosures ordinarily included in a financial statement prepared on the cash basis of accounting. If the omitted disclosures were included, they might influence the user's conclusions about the Town's cash receipts and disbursements. Accordingly, this financial statement is not designed for those who are not informed about such matters.

JONATHAN HAGOOD

MICHAEL LITTLE

The supplementary information contained on pages 7 through 10 is presented for purposes of additional analysis and has been compiled by us from information that is the representation of the officials of the Town of Shannon, Mississippi, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on such supplementary information.

Franks, Franks & Jarrell, P.A.

Franks, Franks & Jarrell, P. A.
February 1, 2010

OFFICES LOCATED IN

TUPELO, FULTON & AMORY

MEMBERS OF THE

AICPA & MSCPA

TOWN OF SHANNON, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ALL FUND TYPES
For the year ended September 30, 2009

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Proprietary Fund	
REVENUE RECEIPTS:				
Property Taxes	\$ 113,863	\$ 26,712	\$	\$ 140,575
Franchise Tax on Utilities	30,604			30,604
Privilege Tax Revenue	3,214			3,214
Auto Ad Valorem Tax	24,363			24,363
Intergovernmental Revenues:				
State Shared Revenues:				
General Municipal Aid	864			864
Sales Tax	171,220			171,220
Liquor Privilege Tax	1,800			1,800
Gasoline Tax	4,452			4,452
TVA In Lieu of Tax	19,728			19,728
Homestead Exemption Reimbursement	7,151			7,151
Grant Income	7,359			7,359
Fire Protection		8,756		8,756
Charges for Services:				
Water & Sewer System			287,492	287,492
Gas System			518,765	518,765
Fines and Forfeits:				
Police Fines	54,070			54,070
Miscellaneous Receipts:				
Interest Income	3,129	30	7,792	10,951
County Fire Allocation		9,176		9,176
Park & Recreation Fees	5,110			5,110
Other Income	10,696			10,696
Total Revenue Receipts	457,623	44,674	814,049	1,316,346
Cash Balance - Beginning of Year	413,188	109,926	922,822	1,445,936
TOTAL AMOUNT TO ACCOUNT FOR	\$ 870,811	\$ 154,600	\$ 1,736,871	\$ 2,762,282

TOWN OF SHANNON, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ALL FUND TYPES
For the year ended September 30, 2009

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Proprietary Fund</u>	
<u>OPERATING DISBURSEMENTS:</u>				
General Administration and Finance	\$ 133,073	\$	\$	\$ 133,073
Public Safety: Police & Fire	290,803			290,803
Public Works	28,723			28,723
Home Owner Assistance		2,471		2,471
Park and Recreation	12,566			12,566
Enterprise: Water & Sewer System			157,436	157,436
Enterprise: Gas System			476,554	476,554
Interest on Bonds			24,265	24,265
Total Cash Operating Disbursements	<u>465,165</u>	<u>2,471</u>	<u>658,255</u>	<u>1,125,891</u>
<u>Other Disbursements:</u>				
Loans Repaid:				
Principal			70,458	70,458
Capital Outlay	37,503	-	75,265	112,768
Total Other Disbursements	<u>37,503</u>	<u>-</u>	<u>145,723</u>	<u>183,226</u>
Total Disbursements	502,668	2,471	803,978	1,309,117
Cash Balance - End of year	<u>368,143</u>	<u>152,129</u>	<u>932,893</u>	<u>1,453,165</u>
TOTAL AMOUNT ACCOUNTED FOR	\$ <u>870,811</u>	\$ <u>154,600</u>	\$ <u>1,736,871</u>	\$ <u>2,762,282</u>

See accompanying selected information and accountants' compilation report.

TOWN OF SHANNON, MISSISSIPPI
 SELECTED INFORMATION-Substantially all disclosures required
 by generally accepted accounting principles are not included
 September 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

The Town operates under the mayor/board of aldermen form of government and provides services as authorized by law.

Reporting Entity

The financial statement of the Town includes 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 separate accounting entity.

Basis of Accounting

The financial statement has been prepared on the cash receipts and disbursements 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.

NOTE C - LONG-TERM DEBT

The annual requirements to amortize all debt outstanding as of September 30, 2009, including interest payments of \$332,395 are as follows:

<u>Fiscal Year Ended</u> <u>September 30,</u>	<u>CAP</u> <u>Loans</u>	<u>FHA</u> <u>Loans</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 27,289	\$ 7,317	\$ 22,455	\$ 57,061
2011	28,316	7,672	21,073	57,061
2012	29,381	8,044	19,635	57,060
2013	10,495	8,435	18,304	37,234
2014	-	8,844	17,778	26,622
Thereafter	-	351,915	233,150	585,065
	<u>\$ 95,481</u>	<u>\$ 392,227</u>	<u>\$ 332,395</u>	<u>\$ 820,103</u>

See accountants' compilation report.

TOWN OF SHANNON, MISSISSIPPI
SCHEDULE OF INVESTMENTS
September 30, 2009

Ownership	Type of Investment	Interest Rate	Acquisition Date	Maturity Date	Other Information	Investment Cost/Value
GOVERNMENTAL FUNDS:						
General Fund	Certificate of Deposit	2.47%	09/19/09	02/19/10	Renasant Bank	\$ <u>250,000</u>
Total Investments - Governmental Funds						<u>250,000</u>
PROPRIETARY FUNDS:						
Water Fund	Certificate of Deposit	1.98%	01/14/09	04/14/12	Renasant Bank	104,450
Gas Fund	Certificate of Deposit	2.47%	09/19/09	02/19/10	Renasant Bank	300,000
Gas Fund	Certificate of Deposit	1.98%	01/14/09	04/14/12	Renasant Bank	<u>23,385</u>
Total Investments - Proprietary Funds						<u>427,835</u>
Total Investments - All Funds						\$ <u><u>677,835</u></u>

See accountants' compilation report

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

Name	Position	Company	Bond
Mary Lee Helms	Town Clerk	St. Paul Surety	\$50,000
Debbie Cooper	Deputy & Court Clerk	St. Paul Surety	\$100,000
Patricia Holloway	Utility Clerk	St. Paul Surety	\$50,000
Desiree Kershner	Chief of Police	St. Paul Surety	\$50,000
Sissy Estes	Park & Rec. Director	St. Paul Surety	\$50,000
Ronnie Hallmark	Mayor	MS Municipal Bond Program	\$25,000
Mary Gardner	Alderman	MS Municipal Bond Program	\$25,000
James Rutherford	Alderman	MS Municipal Bond Program	\$25,000
Debra Grubbs	Alderman	MS Municipal Bond Program	\$25,000
Joseph McCord	Alderman	MS Municipal Bond Program	\$25,000
Judy Johnson	Alderman	MS Municipal Bond Program	\$25,000

See accountants' compilation report.

TOWN OF SHANNON, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
For the year ended September 30, 2009

<u>DEFINITION AND PURPOSE</u>	<u>BALANCE OUTSTANDING October 1, 2008</u>	<u>TRANSACTIONS DURING THE FISCAL YEAR</u>		<u>BALANCE OUTSTANDING Sept. 30, 2009</u>
		<u>(BORROWED)</u>	<u>REDEEMED</u>	
Notes Payable:				
USDA - Rural Development	\$ 399,657	\$	7,430	\$ 392,227
CAP Loan	121,804		26,323	95,481
Water Tank Loan - Renasant	26,683		26,683	0
Loader / Backhoe - Renasant	<u>10,022</u>		<u>10,022</u>	<u>0</u>
TOTAL	<u>\$ 558,166</u>	<u>\$ 0</u>	<u>\$ 70,458</u>	<u>\$ 487,708</u>

See accountants' compilation report.