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FINANCIAL REPORT

TOWN OF FALKNER

FALKNER, MISSISSIPPI

SEPTEMBER 30, 2010

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ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES

Honorable Mayor and Board of Aldermen
Town of Falkner
Falkner, Mississippi 38629

We have applied certain agreed-upon procedures as discussed below, to the accounting records of the Town of Falkner, Mississippi, as of September 30, 2010, and for the year then ended, as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Mississippi Code, 1972, Annotated. This report is solely for the use of the governing body of the Town of Falkner, Mississippi, and the Office of the State Auditor. However, this report is a matter of public record, and its distribution is not limited. Our procedures and findings are as follows:

- A. We reconciled cash on deposit with the following bank to balances in the respective general ledger accounts and obtained confirmation of the related balances from the bank:

<u>Bank</u>	<u>Fund</u>	<u>Balance per General Ledger</u>
Citizens Bank	General	\$ 163,055
	Fire Department	6,866
	Park	6,039
	Sewer System	28,480
	Water System	173,751

- B. We confirmed directly with respective banks all investments, including certificates of deposits, owned by the Town of Falkner. All investments transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Mississippi Code 1972, Annotated.

The Town of Falkner owned no investments at September 30, 2010.

- C. We obtained a statement of payments made by the Mississippi Department of Finance and Administration to the town. The payments were traced to deposits in the bank and recorded in the general ledger without exception. Cash receipts were as follows:

<u>Purpose</u>	<u>Receiving Fund</u>	<u>Amount</u>
Sales Tax Allocation	General	\$ 44,350
Gasoline Tax	General	596
TVA in Lieu of Taxes	General	3,693
General Municipal Aid	General	110
Fire Protection Allocation	Fire Protection	1,155

- D. We selected a sample of purchases made by the municipality 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 33-7-57, Mississippi Code, 1972, Annotated, as applicable.

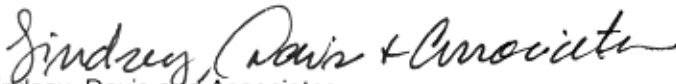
The sample consisted of the following:

Number of sample items	28
Dollar value of sample	\$ 32,631

We found the Town's purchasing procedures to be in compliance with the above sections.

- E. We have read the Municipal Compliance Questionnaire completed by the town. The completed survey indicated no instances of noncompliance.

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 accounts or items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the specified accounts or items 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 is related only to the accounts and items specified above and does not extend to any financial statements of the Town of Falkner, taken as a whole.



Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
October 21, 2010

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and Board of Aldermen
Town of Falkner
Falkner, Mississippi 38629

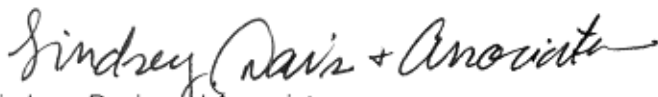
We have compiled the accompanying statement of cash receipts and disbursements (all funds)-cash basis of the Town of Falkner for the year ended September 30, 2010, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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)-cash basis and, accordingly, do not express an opinion or any other form of assurance on it.

The Town's policy is to prepare its financial statement 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 funds)-cash basis is not intended to present results of operations, in conformity with accounting principles generally accepted in the United States of America.

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, the financial statement is not designed for those who are not informed about such matters.

The supplementary information contained on pages 8 through 9 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 Falkner, Mississippi, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on such supplementary information.



Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
October 21, 2010

TOWN OF FALKNER
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - (ALL FUNDS) CASH BASIS
YEAR ENDED SEPTEMBER 30, 2010

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2010	2009
CASH OPERATING RECEIPTS				
Privilege License	\$ 384	\$	\$ 384	\$ 309
Intergovernmental Receipts				
State Shared Receipts:				
Sales Tax	44,350		44,350	52,501
Gasoline Tax	596		596	596
Fire Protection	1,155		1,155	0
TVA in Lieu of Taxes	3,693		3,693	3,394
General Municipal Aid	110		110	111
County Shared Receipts:				
Road Tax	7,015		7,015	8,708
Fire Protection	11,500		11,500	11,500
Charges for Services:				
Water and Sewer		321,098	321,098	287,776
Gross Receipts Tax	6,230		6,230	6,662
Donations	1,424		1,424	3,421
Park Revenue	22,171		22,171	23,604
Miscellaneous	993	1,347	2,340	3,800
TOTAL OPERATING RECEIPTS	99,621	322,445	422,066	402,382
OTHER CASH RECEIPTS				
Interest	2,247	2,234	4,481	6,243
Meter Deposit Collections		(390)	(390)	(272)
SRF Proceeds		91,092	91,092	0
Grant Income	94,266	228,748	323,014	214,691
TOTAL OTHER RECEIPTS	96,513	321,684	418,197	220,662
TOTAL CASH RECEIPTS	196,134	644,129	840,263	623,044

SEE ACCOUNTANT'S COMPILATION REPORT

TOWN OF FALKNER
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - (ALL FUNDS) CASH BASIS
 YEAR ENDED SEPTEMBER 30, 2010

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2010	2009
CASH OPERATING DISBURSEMENTS				
General Government	108,521		108,521	107,774
Public Safety:				
Fire	19,274		19,274	3,932
Enterprise:				
Water & Sewer Utilities		198,229	198,229	202,241
TOTAL OPERATING DISBURSEMENTS	<u>127,795</u>	<u>198,229</u>	<u>326,024</u>	<u>313,947</u>
OTHER CASH DISBURSEMENTS				
Interest on Notes		42,149	42,149	41,439
Investment in Fixed Assets	115,265	325,648	440,913	273,583
Principal Payments		45,705	45,705	32,854
TOTAL OTHER DISBURSEMENTS	<u>115,265</u>	<u>413,502</u>	<u>528,767</u>	<u>347,876</u>
TOTAL CASH DISBURSEMENTS	<u>243,060</u>	<u>611,731</u>	<u>854,791</u>	<u>661,823</u>
EXCESS OF CASH RECEIPTS OVER (UNDER) CASH DISBURSEMENTS	(46,926)	32,398	(14,528)	(38,779)
Cash Balances - Beginning of Year	<u>222,886</u>	<u>169,833</u>	<u>329,693</u>	<u>368,472</u>
Cash Balances - End of Year	<u>\$ 175,960</u>	<u>\$ 202,231</u>	<u>\$ 315,165</u>	<u>\$ 329,693</u>

SEE ACCOUNTANT'S COMPILATION REPORT

TOWN OF FALKNER
 SCHEDULE OF LONG-TERM DEBT
 YEAR ENDED SEPTEMBER 30, 2010

	Definition and Purpose	Balance Outstanding Oct. 1, 2009	Transactions During Fiscal Year		Balance Outstanding Sept. 30, 2010
			Issued	Redeemed	
Rural Development	Water System	\$ 82,305	\$	\$ 11,244	\$ 71,061
Rural Development	Water System	179,255		4,887	174,368
Rural Development	Water System	105,642		3,586	102,056
Rural Development	Sewer System	17,405		17,405	0
Rural Development	Water System	246,539		4,596	241,943
Rural Development	Water System	193,839		3,987	189,852
Total		<u>\$ 824,985</u>	<u>\$</u>	<u>\$ 45,705</u>	<u>\$ 779,280</u>

SEE ACCOUNTANT'S COMPILATION REPORT

TOWN OF FALKNER
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
SEPTEMBER 30,2010

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Amount</u>
Doyle Griffin	Mayor	Travelers Casualty & Surety Co. of America	\$ 50,000
Colleen Weeks	Town Clerk	Travelers Casualty & Surety Co. of America	50,000
Gary Bullock	Alderman	MS Municipal Association	5,000
L. D. Hudson	Alderman	MS Municipal Association	5,000
Mike McMillen	Alderman	MS Municipal Association	5,000
Tommy LaBarreare	Alderman	MS Municipal Association	5,000
Susan Rutherford	Alderwoman	MS Municipal Association	5,000
Position Bond	Collector	Travelers Casualty & Surety Co. of America	50,000

SEE ACCOUNTANT'S COMPILATION REPORT