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CITY OF MARKS, MISSISSIPPI
SPECIAL REPORT ON AGREED-UPON PROCEDURES
FOR
SMALL MUNICIPALITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

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STATE AUDITOR'S OFFICE

City of Marks, Mississippi

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

Honorable Mayor and Board of Alderman
City of Marks
Marks, Mississippi

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the City of Marks, Mississippi, as of September 30, 2009, for the year ended, as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Mississippi Code Ann. (1972). It is understood the report is solely for the use of the governing body of the City of Marks, 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 bank to balances in the respective general ledger accounts and obtained confirmation of the related balances from the bank:

Bank	Fund	Balance Per General Ledger
First Security Bank	General	\$ 136,830
	Unemployment compensation	3,294
	Special police account	11,354
	Petty cash	88
	Crime prevention	4,074
	Community house	1,356
	Water and Sewer	61,102
	Marks home project	1,880
	City of Marks	86,973
	Tobacco grant	1,831
	Clearing fund	24,251
First Tennessee	Water and Sewer	714,070
Total		\$ 1,047,103

2. The City did not possess any securities held for investment.
3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
 - a. Verified use of certified county assessment rolls and traced 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 for completion with increase limitations of Sections 27-39-320 to 27-39-323, Mississippi 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, Mississippi Code Ann. (1972).

There were no Ad Valorem tax collections for the retirement of general obligation debt. Ad Valorem tax collections for the retirement of water and sewer bonds were found to be sufficient for payment of current principal and interest in accordance with limitations imposed by Sections 21-33-87 and 21-33-303, Mississippi 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 deposit in the respective bank accounts and recorded in the general ledger. Payments traced were as follows:

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>Ledger Amount</u>
General Municipal Aid	General	\$ 808
Water & Sewer	Water & Sewer	700
Sales Tax Allocation-City	General	209,648
Subsistence, Lodging	General	280
Travel in Private Vehicle	General	383
Gasoline Tax	General	4,264
Homestead Exemption Reimbursement	General	26,124
Payments to Nuclear Plant	General	46,365
Fire Protection	General	8,196
Liquor Privilege Tax	General	900
Total		<u>\$ 297,668</u>

5. We selected a sample of purchases made by the municipality during the fiscal year. Each sampled item was evaluated for compliance with purchasing requirements set forth in Title 3 I, Chapter 7, Mississippi Code Ann. (1972), as applicable. The sample consisted of the following:

Number of Sample Items	37
Total Dollar Value of Sample	\$371,519.74

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

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 significant 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, other significant 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 City of Marks, Mississippi, for the year ended September 30, 2009.

Charles Buchanan, CPA
 Charles Buchanan, CPA
 St. Louis, Missouri
 November 24, 2009

City of Marks Mississippi
 Combined Statement of Cash Receipts and Disbursements (All Funds)
 For the fiscal year ended September 30, 2009

	General	Special Revenue Fund	Water & Sewer Funds	Total
<u>Revenue Receipts:</u>				
General property taxes	\$ 327,333	\$ -	\$ -	\$ 327,333
Penalties and interest-delinquent taxes	-	-	-	-
Franchise taxes-utilities	68,604	-	-	68,604
<u>Intergovernmental Revenues:</u>				
Federal sources	-	-	-	-
General municipal aid (State)	808	-	-	808
Homestead exemption	26,124	-	-	26,124
<u>State Shared Revenues:</u>				
Sales tax	209,648	-	-	209,648
Gasoline tax	4,262	-	-	4,262
Grand Gulf	46,365	-	-	46,365
Public safety	8,196	-	-	8,196
Alcoholic beverage licenses	900	-	-	900
Fire insurance premiums	14,797	-	-	14,797
<u>County Shared Revenues:</u>				
Road maintenance	-	-	-	-
Rail car tax	-	-	-	-
Licenses and permits	17,453	-	-	17,453
Interest	548	-	985	1,533
Rent	3,750	-	-	3,750
Miscellaneous	14,835	-	(615)	14,220
<u>Charges for Services:</u>				
Garbage	78,284	-	-	78,284
Water and sewer	-	-	283,882	283,882
Court fines	44,724	-	-	44,724
<u>Grants:</u>				
Home grants	-	-	-	-
Total revenue receipts	866,631	-	284,252	1,150,883
<u>Other receipts:</u>				
Sale of bonds	31,000	-	-	31,000
Sale of fixed assets	2,859	-	-	2,859
Bank loans	-	-	-	-
Loans and transfers	100,000	50,778	-	150,778
Total other receipts	133,859	50,778	-	184,637
Total receipts	1,000,490	50,778	284,252	1,335,520
Cash Balance-Beginning of Year	118,848	1,831	1,857,769	1,178,448
Total Amount to Account For	1,119,338	52,609	1,342,021	2,513,968
<u>Operating Disbursements:</u>				
General government	119,208	-	-	119,208
<u>Public Safety:</u>				
Police	261,700	-	-	261,700
Fire	30,834	-	-	30,834
Highways and Streets	170,791	-	-	170,791
Culture & Recreation	16,148	-	-	16,148
Court expenses	32,511	-	-	32,511
Solid waste departments(garbage)	82,598	-	-	82,598
Inter-governmental	9,600	-	-	9,600
Miscellaneous	155,967	23	2,500	158,490
Building and plant	-	-	-	-
<u>Enterprise:</u>				
Water and sewer	-	-	-	-
Principle & interest on bonds	-	50,130	41,637	91,767
Paying agent fees on bonds	-	625	-	625
Utilities	-	-	40,315	40,315
Other	-	-	249,872	249,872
Total Operating Disbursements	879,357	50,778	334,324	1,264,459
<u>Other Disbursements:</u>				
Bonds retired	-	-	-	-
Notes paid	-	-	59,993	59,993
Capital outlay	17,556	-	-	17,556
Unrecorded bank reconciliation adjustments	-	-	-	-
Loans and transfers	(1,464)	-	126,321	124,857
Total Other Disbursements	16,092	-	186,314	202,406
Total Disbursements	895,449	50,778	520,638	1,466,865
Cash Balance-End of Year	223,889	1,831	821,383	1,047,103
Total Amount Accounted For	\$ 1,119,338	\$ 52,609	\$ 1,342,021	\$ 2,513,968

See accompanying notes and accountant's compilation report.

City of Marks, Mississippi
Notes to the Financial Statements
For the year ended September 30, 2009

Note A: Summary of Significant Accounting Policies

General Information

The City operates under the Mayor/Board of Aldermen form of government and provides services as authorized by law.

Reporting Entity

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

Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity.

Basis of Accounting

The financial statement is prepared on a 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 cities in the State of Mississippi as prescribed by the Office of the State Auditor.

Note C: Contingent Liability-Litigation

The City may receive grants from state and governmental agencies that require compliance audits to determine whether grants were expended in accordance with the grants regulations. There is a probability that the city did not expend these grants in accordance with grant regulations.

Since these are cash basis financial presentation, no adjustment for any above matter is included herein.

City of Marks, Mississippi
Schedule of Investments-All Funds
September 30, 2009

<u>Ownership</u>	<u>Type of Investment</u>	<u>Interest Rate</u>	<u>Acquisition Date</u>	<u>Maturity Date</u>	<u>Investment Cost/Value</u>
Water & Sewer	Certificate of Deposit	1.00%	08/05/09	08/05/10	\$ 714,070
General Fund	Certificate of Deposit	0.60%	09/01/09	10/01/09	30,053
Total Investments					\$ 744,123

City of Marks, Mississippi
Schedule of Long-Term Debt
For the fiscal year ended September 30, 2009

Definition and Purpose	Balance Outstanding 10/01/08	Transactions During Fiscal Year		Balance Outstanding 09/30/09
		Issued	Redeemed	
Revenue Bonds:				
Water & Sewer Junior Lien Revenue Bond, issued 4/9/02, matures 4/9/2037, 4.5% annual interest rate, \$6,903.02 principal & interest varies, original issue \$447,900	\$ 418,006	\$ -	\$ (7,663)	\$ 410,343
Water & Sewer Junior Lien Revenue Bond, original issue \$102,400 4.5% annual interest rate, issued 6/12/00, matures 6/12/2035, principal & interest \$6,016.00/annually	92,254		(1,904)	90,350
Water & Sewer Junior Lien Revenue Bond, original issue \$442,350, 4.5% annual interest rate, issued 6/12/00, matures 6/12/2035 principal & interest \$25,988.07/annually	398,524	-	(8,225)	390,299
Water & Sewer System Revenue Bond, original issue \$28,500, 4.5% annual interest, issued 6/12/00, matures 6/12/2035 \$26,314.13/annual principal & interest pymts	25,676		(530)	25,146
\$500,000 General Obligation Bond, Series 1996, original issue \$500,000, issued 6/10/96, matures 5/1/11,	130,000	-	(40,000)	90,000
TOTAL	<u>\$ 1,064,460</u>	<u>\$ -</u>	<u>\$ (58,322)</u>	<u>\$ 1,006,138</u>

See accompanying notes and accountant's compilation report.

City of Marks Mississippi
Schedule of Surety Bonds for Municipal Officials
For the year ended September 30, 2009

<u>Names</u>	<u>Position</u>	<u>Company</u>	<u>Bond Amount</u>	<u>Expiration Date</u>	<u>Bond #</u>
Joe Shegog, Jr.	Mayor	Clyde Scott Insurance Agency	\$ 50,000	07/06/13	105283974
Brenda Hopson	Alderman	Clyde Scott Insurance Agency	50,000	07/16/13	105283975
Timmy Jamison	Alderman	Clyde Scott Insurance Agency	50,000	07/16/13	105283976
James Figgs	Alderman	Clyde Scott Insurance Agency	50,000	07/16/13	105283977
Perry Campbell	Alderman	Clyde Scott Insurance Agency	50,000	07/16/13	105283978
J. Craig Gaddy	Alderman	Clyde Scott Insurance Agency	50,000	07/16/13	105283979
Marvin Furr	Police Chief	Clyde Scott Insurance Agency	50,000	07/01/10	105278773
	Police Officer-(6)	Clyde Scott Insurance Agency	150,000	07/01/10	105278773
Tonia Survillion	City Clerk	Clyde Scott Insurance Agency	50,000	07/01/10	105278773
Teareather Keller	Court Clerk	Clyde Scott Insurance Agency	50,000	07/01/10	105278773
		Total	<u>\$ 600,000</u>		

See accompanying notes and accountant's compilation report.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Mayor and Board of Alderman
City of Marks
Marks, Mississippi

We have performed agreed-upon procedures of the Combined Statement of Cash Receipts and Disbursements of the City of Marks for the year ended September 30, 2009 and have issued our report dated November 24, 2009. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our compilation of the Combined Statement of Cash Receipts and Disbursements disclosed no material instances of noncompliance with state laws and regulations.

The Office of the State Auditor or a public accounting firm will review, on a subsequent year's audit engagement, the findings in this report to ensure that corrective action, if any, has been taken.

This report is intended for the information of the City of Marks management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Charles Buchanan, CPA
Charles Buchanan, CPA
St. Louis, MO
November 24, 2009

Municipal Compliance Questionnaire

As part of the municipality's audit, the governing authorities of the municipality must make certain assertions with regard to legal compliance. The municipal compliance questionnaire was developed for this purpose.

The following questionnaire and related certification must be completed at the end of the municipality's fiscal year and entered into the official minutes of the governing authorities at their next regular meeting.

The governing authorities should take care to answer these questions accurately. Incorrect answers could reduce the auditor's reliance on the questionnaire responses, resulting in the need to perform additional audit procedures at added cost.

Information

Note: Due to the size of some municipalities, some of the questions may not be applicable. If so, mark N/A in answer blanks. Answers to other questions may require more than "yes" or "no," and, as a result, more information on this questionnaire may be required and/or separate work papers may be needed.

1. Name and address of municipality: City of Marks
P.O. Box 315 Marks, MD 28646
2. List the date and population of the latest official U.S. Census or most recent official census:
2000
2047 Population
3. Names, addresses and telephone numbers of officials (include elected officials, chief administrative officer, and attorney).

4. Period of time covered by this questionnaire:
From: October 1, 2008 To: September 30, 2009
5. Expiration date of current elected officials' term: June 2013

MUNICIPAL COMPLIANCE QUESTIONNAIRE

Year Ended September 30, 20__

Answer All Questions: Y - YES, N - NO, N/A - NOT APPLICABLE

PART I - General

1. Have all ordinances been entered into the ordinance book and included in the minutes? (Section 21-13-13) Y
2. Do all municipal vehicles have public license plates and proper markings? (Sections 25-1-87 and 27-19-27) Y
3. Are municipal records open to the public? (Section 25-61-5) Y
4. Are meetings of the board open to the public? (Section 25-41-5) Y
5. Are notices of special or recess meetings posted? (Section 25-41-13) Y
6. Are all required personnel covered by appropriate surety bonds?
 - Board or council members (Sec. 21-17-5) Y
 - Appointed officers and those handling money, see statutes governing the form of government (i.e., Section 21-3-5 for Code Charter) Y
 - Municipal clerk (Section 21-15-38) Y
 - Deputy clerk (Section 21-15-23) Y
 - Chief of police (Section 21-21-1) Y
 - Deputy police (Section 45-5-9) (if hired under this law) Y
7. Are minutes of board meetings prepared to properly reflect the actions of the board? (Sections 21-15-17 and 21-15-19) Y
8. Are minutes of board meetings signed by the mayor or majority of the board within 30 days of the meeting? (Section 21-15-33) Y
9. Has the municipality complied with the nepotism law in its employment practices? (Section 25-1-53) Y
10. Did all officers, employees of the municipality, or their relatives avoid any personal interest in any contracts with the municipality during their term or within one year after their terms of office or employment? (Section 25-4-105) Y

11. Does the municipality contract with a Certified Public Accountant or an auditor approved by the State Auditor for its annual audit within twelve months of the end of each fiscal year? (Section 21-35-31)

Y

12. Has the municipality published a synopsis or notice of the annual audit within 30 days of acceptance? (Section 21-35-31 or 21-17-19)

Y

PART II - Cash and Related Records

1. Where required, is a claims docket maintained? (Section 21-39-7)

Y

2. Are all claims paid in the order of their entry in the claims docket? (Section 21-39-9)

Y

3. Does the claims docket identify the claimant, claim number, amount and fund from which each warrant will be issued? (Section 21-39-7)

Y

4. Are all warrants approved by the board, signed by the mayor or majority of the board, attested to by the clerk, and bearing the municipal seal? (Section 21-39-13)

Y

5. Are warrants for approved claims held until sufficient cash is available in the fund from which it is drawn? (Section 21-39-13)

Y

6. Has the municipality adopted and entered on its minutes a budget in the format prescribed by the Office of the State Auditor? (Sections 21-35-5, 21-35-7 and 21-35-9)

Y

7. Does the municipality operate on a cash basis budget, except for expenditures paid within 30 days of fiscal year end or for construction in progress? (Section 21-35-23)

Y

8. Has the municipality held a public hearing and published its adopted budget? (Sections 21-35-5, 27-39-203, & 27-39-205)

Y

9. Has the municipality complied with legal publication requirements when budgetary changes of 10% or more are made to a department's budget? (Section 21-35-25)

Y

10. If revenues are less than estimated and a deficit is anticipated, did the board revise the budget by its regular July meeting? (Section 21-35-25)

Y

11. Have financial records been maintained in accordance with the chart of accounts prescribed by the State Auditor? (Section 21-35-11)
12. Does the municipal clerk submit to the board a monthly report of expenditures against each budget item for the preceding month and fiscal year to date and the unexpended balances of each budget item? (Section 21-35-13)
13. Does the board avoid approving claims and the city clerk not issue any warrants which would be in excess of budgeted amounts, except for court-ordered or emergency expenditures? (Section 21-35-17)
14. Has the municipality commissioned municipal depositories? (Sections 27-105-353 and 27-105-363)
15. Have investments of funds been restricted to those instruments authorized by law? (Section 21-33-323)
16. Are donations restricted to those specifically authorized by law? [Section 21-17-5 (Section 66, Miss. Constitution) -- Sections 21-19-45 through 21-19-59, etc.]
17. Are fixed assets properly tagged and accounted for? (Section II - Municipal Audit and Accounting Guide)
18. Is all travel authorized in advance and reimbursements made in accordance with Section 25-3-41?
19. Are all travel advances made in accordance with the State Auditor's regulations? (Section 25-3-41)

Y

Y

Y

Y

Y

Y

Y

Y

Y

PART III - Purchasing and Receiving

1. Are bids solicited for purchases, when required by law (written bids and advertising)? [Section 31-7-13(b) and (c)]
2. Are all lowest and best bid decisions properly documented? [Section 31-7-13(d)]
3. Are all one-source item and emergency purchases documented on the board's minutes? [Section 31-7-13(m) and (k)]
4. Do all officers and employees understand and refrain from accepting gifts or kickbacks from suppliers? (Section 31-7-23)

Y

Y

Y

Y

PART IV - Bonds and Other Debt

- 1. Has the municipality complied with the percentage of taxable property limitation on bonds and other debt issued during the year? (Section 21-33-303) Y
- 2. Has the municipality levied and collected taxes, in a sufficient amount for the retirement of general obligation debt principal and interest? (Section 21-33-87) Y
- 3. Have the required trust funds been established for utility revenue bonds? (Section 21-27-65) Y
- 4. Have expenditures of bond proceeds been strictly limited to the purposes for which the bonds were issued? (Section 21-33-317) Y
- 5. Has the municipality refrained from borrowing, except where it had specific authority? (Section 21-17-5) Y

PART V - Taxes and Other Receipts

- 1. Has the municipality adopted the county ad valorem tax rolls? (Section 27-35-167) Y
- 2. Are interest and penalties being collected on delinquent ad valorem taxes? (Section 21-33-53) Y
- 3. Has the municipality conducted an annual land sale for delinquent ad valorem taxes? (Section 21-33-63) N/A
- 4. Have the various ad valorem tax collections been deposited into the appropriate funds? (Separate Funds for Each Tax Levy) (Section 21-33-53) Y
- 5. Has the increase in ad valorem taxes, if any, been limited to amounts allowed by law? (Sections 27-39-320 and 27-39-321) Y
- 6. Are local privilege taxes collected from all businesses located within the municipality, except those exempted? (Section 27-17-5) Y
- 7. Are transient vendor taxes collected from all transient vendors within the municipality, except those exempted? (Section 75-85-1) Y
- 8. Is money received from the state's "Municipal Fire Protection Fund" spent only to improve municipal fire departments? (Section 83-1-37) Y

9. Has the municipality levied or appropriated not less than 1/4 mill for fire protection and certified to the county it provides its own fire protection or allowed the county to levy such tax? (Sections 83-1-37 and 83-1-39)

Y

10. Are state-imposed court assessments collected and settled monthly? (Section 99-19-73, 83-39-31, etc.)

Y

11. Are all fines and forfeitures collected when due and settled immediately to the municipal treasury? (Section 21-15-21)

Y

12. Are bids solicited by advertisement or, under special circumstances, three appraisals obtained when real property is sold? (Section 21-17-1)

Y

(MUNICIPAL NAME)

Certification to Municipal Compliance Questionnaire

Year Ended September 30, 2009

We have reviewed all questions and responses as contained in this Municipal Compliance Questionnaire for the Municipality of City of Maunabo, and, to the best of our knowledge and belief, all responses are accurate.

Lina Summari
(City Clerk's Signature)

De Stegoy
(Mayor's Signature)

10/06/09
(Date)

10-07-09
(Date)

Minute Book References:

Book Number _____

Page _____

(Clerk is to enter minute book references when questionnaire is accepted by board.)