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**CITY OF MARKS, MISSISSIPPI
FINANCIAL STATEMENTS**

SEPTEMBER 30, 2006

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**CITY OF MARKS, MISSISSIPPI
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SEPTEMBER 30, 2006**

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

To the Mayor and the Board of Aldermen
City of 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, 2006, 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). This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. 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 purpose. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

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>
First Security Bank	General	\$ 88,058
First Security Bank	General -Unemployment Compensation	3,208
First Security Bank	General -Special Police Account	11,057
First Security Bank	General-Petty Cash	53
First Security Bank	General-Crime Prevention	4,074
Total General Fund		<u>\$ 106,450</u>
First Security Bank	Enterprise-Water & Sewer	\$ 137,833
First Security Bank	Water-Water & Sewer	36
First Security Bank	Enterprise	26,787
Citizens Bank & Trust Co.	Construction-Construction Special	3,356
First Security Bank	Enterprise	16,183
First Security Bank	Enterprise	1,772
First Security Bank	South-South End Project	1,983
Total Enterprise		<u>\$ 187,951</u>
First Security Bank	Payroll-Clearing	\$ -
Total Payroll-Clearing		<u>\$ -</u>

First Security	Special Revenue-Tobacco	\$	5,831
Total Special Revenue Fund	Grant	<u>\$</u>	<u>5,831</u>
1ST TENN	Debt Service	\$	-
Total Debt Service Fund		<u>\$</u>	<u>-</u>
First Security Bank	Sallie-Sallie King NOB	\$	20
Total Agency Fund		<u>\$</u>	<u>20</u>

1. We confirmed with the bank the certificates of deposit owned by the City. All investment transactions were in compliance with Section 21-33-323, Miss. Code Ann. (1972).

<u>General Security</u>	<u>Type of Investment</u>	<u>Interest Rate</u>	<u>Acquisition Date</u>	<u>Maturity Date</u>	<u>Ledger Cost</u>
FTN Financial Group First Tenn. Bank	Certificates of Deposit	4.75%	8/17/06	11/14/06	\$ 988,551
First Security Bank #70422	1/3 Months CD	various	NA	NA	28,619
First Security Bank #23075	6 mo Money Mkts	various	NA	NA	32,801
First Security Bank #23076	6 mo Money Mkts	various	NA	NA	28,308
First Security Bank #53938	9 month special CD	various	NA	NA	25,275
First Security Bank #53935	12 month CD	various	NA	NA	<u>1,019</u>
Total Investments					<u><u>\$1,104,573</u></u>

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 comparison 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).

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 without exception. Payments traced were as follows:

Payment Purpose	Receiving Fund	General Ledger Amount
Emergency MGMT Funds city	General	\$ 12,438
General Municipal Aid	General	808
Other Aid in Municipalities	General	10,963
Nuclear Plant-Payments in Lieu	General	46,989
Sales Tax Allocation	General	231,089
Liquor Privilege Tax	General	1,575
Gasoline Tax	General	4,265
Homestead Exemption Reimbursement	General	21,934
Fire Protection Allocation	General	7,887
CDBG	Capital Projects	6,875
CDBG	Capital Projects	2,000
Water service	Water/sewer	975
Public Safety Training	General	3,000
Emergency MGMT Funds city	Water/sewer	3,697
		\$ 354,495

5. 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	27
Total Dollar Value of Sample	\$396,707

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

6. 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 in the United States of America, 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 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 auditing standards generally accepted in the United States of America, 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, 2006.

Windham & Lacey, PLLC

Windham & Lacey, PLLC
April 24, 2007

Windham and Lacey, PLLC

Certified Public Accountants

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To the Mayor and the Board of Aldermen
City of Marks, Mississippi

Accountant's Compilation Report

We have compiled the accompanying Statement of Cash Receipts and Disbursements -Governmental and Business-Type Activities, Schedule of Surety Bonds for Town Officials, and Schedule of Long-Term Debt of the City of Marks, Mississippi, for the year September 30, 2006, 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 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 town officials. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.

City officials have 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 City's cash basis of accounting, require the presentation of government-wide financial statements. The amounts that would be reported in the government-wide financial statements resulting from the cash basis transactions for the City's governmental activities and business-type activities are not reasonably determinable.

The City officials have also elected to omit substantially all of the disclosures ordinarily included in 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 City's cash receipts and disbursements. Accordingly, this financial statement is not designed for those who are not informed about such matters.

City officials also have 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, Mississippi Code Ann. (1972), we have issued a report dated April 24, 2007, on the results of our agreed-upon procedures.

Windham and Lacey, PLLC
Windham and Lacey, PLLC
April 24, 2007

City of Marks, Mississippi
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental and Business-type Funds
For the Year Ended September 30, 2006

	Governmental Activities			Business-type
	Major		Total	Activities
	Funds	Other		Water/Sewer
	General	Governmental		Fund
	Fund	Funds		
RECEIPTS				
General property taxes	\$ 269,468		269,468	
Grand gulf	46,989		46,989	
Licenses and permits	11,374		11,374	
Franchise fees	75,190		75,190	
Intergovernmental revenues:				
Federal grants	111,613		111,613	65,927
State grants	16,463	6,875	23,338	
State shared revenues:				
Sales tax	273,733		273,733	
Gasoline tax	4,265		4,265	
Alcoholic beverage tax	1,575		1,575	
Fire protection allocation	7,887		7,887	
Muni Aid	808		808	
County fire protection	5,438		5,438	
Fines and forfeits	47,384		47,384	
Charges for services:				
Water				171,407
Sewer				141,838
Garbage	73,962		73,962	
Interest income	9,860	1,991	11,851	32,785
Other receipts	7,018		7,018	2,462
Bunge	23,500		23,500	
Total Receipts	986,526	8,866	995,393	414,419

The notes to the financial statements are an integral part of this statement

City of Marks, Mississippi
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental and Business-type Funds
For the Year Ended September 30, 2006

	Governmental Activities			Business-type
	Major			Activities
	Funds	Other	Total	Water/Sewer
	General	Governmental		Fund
	Fund	Funds	Total	
DISBURSEMENTS				
General government	330,080		330,080	
Public safety	493,720	6,875	500,595	
Public works	268,501		268,501	
Culture and recreation	40,100		40,100	
Water and sewer utility				
Personal services				100,573
Supplies				26,488
Utilities				49,592
Other services and charges				21,586
Total Disbursements	<u>1,132,401</u>	<u>6,875</u>	<u>1,139,276</u>	<u>198,239</u>
Excess of Receipts over (under) Disbursements	<u>(145,875)</u>	<u>1,991</u>	<u>(143,883)</u>	<u>216,180</u>
OTHER CASH SOURCES (USES)				
Capital outlay - improvements				(70,829)
Capital outlay - improvements				(47,512)
Proceeds from sale of fixed asset	25,752		25,752	
Meter refunds net of meter deposit collections				4,480
Principal paid on bonds and notes	(19,875)	(35,000)	(54,875)	(45,136)
Interest paid on bonds and notes	(439)	(14,424)	(14,863)	(57,501)
Total Other Cash Sources and (Uses)	<u>5,438</u>	<u>(49,424)</u>	<u>(43,986)</u>	<u>(216,498)</u>
Excess (Deficiency) of Receipts and other cash sources over disbursements and other cash uses	<u>(140,437)</u>	<u>(47,432)</u>	<u>(187,869)</u>	<u>(318)</u>
CASH BASIS FUND BALANCE-Beginning of Year	501,132	62,751	563,883	1,068,936
CASH BASIS FUND BALANCE-End of Year	<u>\$ 360,695</u>	<u>15,319</u>	<u>376,014</u>	<u>1,068,618</u>

The notes to the financial statements are an integral part of this statement

City of Marks, Mississippi
Schedule of Surety Bonds for City Officials
For Year Ended 9/30/2006

Position	Name	Surety	Bond Number	Bond Amount
Mayor	Aubrey Collums	MS Municipal Bond Program Scott Insurance Agency	104520668	25,000.00
Alderman	Perry Campbell	MS Municipal Bond Program Scott Insurance Agency	104520671	10,000.00
	Joe Shegog	MS Municipal Bond Program Scott Insurance Agency	104520672	10,000.00
	James Figgs	MS Municipal Bond Program Scott Insurance Agency	104520670	10,000.00
	James Cassidy	MS Municipal Bond Program Scott Insurance Agency	104520673	10,000.00
	Timmy Jamison	MS Municipal Bond Program Scott Insurance Agency	104520669	10,000.00
Police Chief	Marvin Furr	St Paul Travelers Clyde Scott Ins Agency	104560130	50,000.00
5 Officers	Michael Self Charles Liddell Nicholas Turner Carl D Brown Darryl House	St Paul Travelers Clyde Scott Ins Agency	104560130	25,000.00
City Clerk	Alma Harris	St Paul Travelers Clyde Scott Ins Agency	104560130	50,000.00
Court Clerk	Tonia Survillion	St Paul Travelers Clyde Scott Ins Agency	104560130	50,000.00

CITY OF MARKS, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2006

1. **SIGNIFICANT ACCOUNTING POLICIES.**

The City's financial statements have been prepared on the cash basis of accounting. Under that basis, revenues and related assets are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred.

2. **LONG-TERM DEBT.**

Long-term debt of the City is as follows:

DEFINITION AND PURPOSE:

**City of Marks, Mississippi
Schedule of Long-term Debt
For Year Ended September 30, 2006**

<u>Definition and Purpose</u>	<u>Balance Outstanding Oct. 1, 2005</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance Outstanding Sept. 30, 2006</u>
General Obligations Bond:				
1996 General obligation bonds	\$ 245,000		35,000	210,000
Revenue Bonds:				
State of Mississippi - February 1994	326,834		28,520	298,314
Rural development debt 92-01	97,552		1,724	95,828
Rural development debt 92-03	421,411		7,446	413,965
Rural development debt 92-05	27,151		480	26,671
Rural development debt 92-08	439,365		6,966	432,399
Other Long-term Debt:				
CAP Loan - Fire Truck	24,242		14,110	10,132
MDA Loan - Railroad Crossing	5,765		5,765	0
Total	<u>1,587,320</u>		<u>100,011</u>	<u>1,487,309</u>