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City of Lexington, Mississippi

Financial Statement
Supplemental Information
Internal Control and Compliance

Year Ended September 30, 2009

With
Independent Auditor's Report

*Dungan CPA Company
120 South Natchez Street*

Kosciusko, Mississippi 39090

City of Lexington
Table of Contents

PAGE

Financial Statement

Independent Auditor's Report.....4
Combined Statement of Cash Receipts and Disbursements – All Fund Types.....6
Notes to Financial Statements.....8

Supplemental Information

Schedule of Long-Investments..... 11
Schedule of Long-Term Debt.....12
Schedule of Surety Bonds for Municipal Officials..... 13
Schedule of Expenditures of Federal Awards and Note.....14
Summary Schedule of Prior Audit Findings.....16

Internal Control And Compliance

Independent Auditor's Report on Compliance with State Laws and Regulations.....18

Report in Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standard*.....20

Report on Compliance with Requirements Applicable to Each
Major Program and on Internal Control over Compliance in
Accordance with OMB Circular A-133.....22

Schedule of Findings and Questioned Costs.....24

City of Lexington
Financial Section
September 30, 2009

Dungan CPA Co.

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INDEPENDENT AUDITOR'S REPORT

November 19, 2009
Honorable Mayor and Board of Alderpersons
Lexington, Mississippi

I have audited the accompanying combined statement of cash receipts and disbursements (all funds) for the City of Lexington, Mississippi, for the year ended September 30, 2009, as listed in the table of contents, which comprise a portion of the City's basic financial statements required by accounting principles generally accepted in the United States of America, as applied to the City's cash receipts and disbursements basis of accounting. The financial statement and schedules are the responsibility of the City of Lexington's management. My responsibility is to express an opinion on the financial statement and schedules based on my audit.

I conducted my 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*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, the City of Lexington, Mississippi, prepared its financial statement on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Management has not presented government-wide financial statements to display the cash receipts and disbursements of its governmental activities, business-type activities, and discretely presented component units. Accounting principles generally accepted in the United States of America, as applied to the City's cash receipts and disbursements 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 cash receipts and disbursements transactions for the City's governmental activities, business-type activities, and discretely presented component units are not reasonably determinable.

In my opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with the basis of accounting described in Note 1, the cash receipts and disbursement financial position of the City of Lexington, Mississippi, for the year then ended.

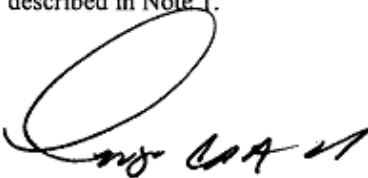
In accordance with *Government Auditing Standards*, I have also issued my report dated November 19, 2009, on my consideration of the City of Lexington's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contract, and grants. That report is an integral part on an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Honorable Mayor and Board of Alderpersons
Lexington, Mississippi

Page 2

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

My audit was conducted for the purpose of forming an opinion on the financial statement that comprise the City of Lexington, Mississippi, basic financial statement. The other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*, and is also not a required part of the basic financial statement of the City of Lexington, Mississippi. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in my opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole, on the basis of accounting described in Note 1.



Dungan CPA Company
November 19, 2009

City of Lexington, Mississippi
COMBINED STM OF CASH RECEIPTS AND DISBURSEMENTS
 For the Fiscal Year Ended September 30, 2009

<u>Governmental Funds</u>							
	General	Special Revenue	Capital Projects	Proprietary Funds	Fiduciary Funds	Totals (Memorandum Only) 2009	Totals (Memorandum Only) 2008
Revenue Receipts:							
General Property Taxes	\$ 367,676					367,676	0
Franchise Tax	73,584					73,584	0
Intergovernmental Revenues:							
CDBG & Home Grant	603,512	0				603,512	0
Grant	418,731					418,731	0
County Fire Protection	10,700					10,700	0
State Shared Revenue:							
Sales Tax	458,639					458,639	0
Gasoline Tax	5,567					5,567	0
Nuclear Plant	20,346					20,346	0
Homestead Exemption	34,357					34,357	0
Alcohol Beverage License	2,250					2,250	0
General Aid to Municipalities	1,508					1,508	0
Charges for Services:							
Water & Sewer Utility				616,554		616,554	0
Other Receipts:							
Fines & Forfeits	69,809					69,809	0
Loan Proceeds	70,000					70,000	0
Lexington Homes Revenue	39,654					39,654	0
Privilege License	9,069				5,484	9,069	0
Cemetery	0					0	0
Other General Fund Revenue	34,170					34,170	0
Rent	39,000					39,000	0
Interest	3,434					3,434	0
Transfers	119,404					119,404	0
Total Receipts	<u>2,381,411</u>	<u>0</u>	<u>0</u>	<u>616,554</u>	<u>5,484</u>	<u>3,003,449</u>	<u>0</u>
Cash Balance-Beginning of Year	411,419	3,665	0	60,807	113,403	589,293	0
Total Amount to Account For	<u>\$ 2,792,831</u>	<u>\$ 3,665</u>	<u>\$ 0</u>	<u>\$ 677,361</u>	<u>\$ 118,886</u>	<u>\$ 3,592,742</u>	<u>\$ 0</u>

City of Lexington, Mississippi
COMBINED STM OF CASH RECEIPTS AND DISBURSEMENTS
 For the Fiscal Year Ended September 30, 2009

<u>Governmental Funds</u>							
	General	Special Revenue	Capital Projects	Proprietary Funds	Fiduciary Funds	Totals (Memorandum Only) 2009	Totals (Memorandum Only) 2008
Operating Disbursements							
General Government (Exec and Financial)	\$ 413,396					413,396	\$ 0
Public Safety							
Police	454,537					454,537	0
Fire	166,751					166,751	0
Library	42,185					42,185	
Airport	28,931					28,931	
Parks	5,308					5,308	
Enterprises							
Water & Sewer Utility				447,967		447,967	0
Loan Repayments	151,678			86,983		238,661	0
Transfer to Other Funds	0			87,404	0	87,404	0
Street Department	288,934					288,934	0
CDBG & Home Projects	886,232				0	886,232	0
Capitalization	122,196	0		0		122,196	0
Total Disbursements	<u>2,560,148</u>	<u>0</u>	<u>0</u>	<u>622,354</u>	<u>0</u>	<u>3,182,502</u>	<u>0</u>
Cash Balance-End of Year	232,752	3,665	0	55,007	118,816	410,240	620,760
Total Amount Accounted For	<u>\$ 2,792,900</u>	<u>\$ 3,665</u>	<u>\$ 0</u>	<u>\$ 677,361</u>	<u>\$ 118,816</u>	<u>\$ 3,592,743</u>	<u>\$ 620,760</u>

City of Lexington
Notes to Financial Statements
September 30, 2009

Note 1 - Summary of significant accounting policies

General Information

The City operates under the Mayor-Alderman form of government and provides services as authorized by law.

Reporting Entity:

The financial statement for 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. Funds are classified into categories as follows:

Governmental Funds

General Fund

The General Fund is the main operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue resources that are legally restricted to expenditures for specified purposes.

Proprietary Funds

Proprietary Funds are used to account for operations which are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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.

City of Lexington
Notes to Financial Statements
September 30, 2009

Note 1 - Summary of significant accounting policies (continued)

Property Tax Revenues

The City's Board, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. For the current year, the City levied taxes in the amount of 22 mills.

Memorandum Total

The total column is captioned "memorandum only" to indicate that it is presented only to facilitate analysis. Data in this column does not present the financial position of the City in conformity with the cash basis of accounting. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data

Note 2 – 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 3 – Commitment and Contingencies

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance.

Grant monies received and disbursed by the City are for specific purposes and are subject to audit and review by grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based on prior experience, the City does not believe that such disallowances, if any, would have a material effect on the financial position of the City.

Note 4 – Deposits with Financial Institutions and Investments

At September 30, 2009, the carrying amount (recorded on the City's books) of the City's cash deposits, including certificates of deposit, was \$620,760 and the bank balance was \$620,760.

The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the City's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against these deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

City of Lexington
Supplemental Information
September 30, 2009

City of Lexington, Mississippi
Schedule of Investments-All Funds
For the Fiscal Year ended 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 Value</u>
Fudiciary	Certificate of Deposit	2.15%	4-21-09	4-21-10	114,853
General Fund	Certificate of Deposit	1.49%	8-10-09	2-06-10	51,320
General Fund	Certificate of Deposit	1.49%	8-15-09	2-11-10	57,797

**City of Lexington, Mississippi
 Schedule of Long-Term Debt
 For the Fiscal Year ended September 30, 2009**

<u><i>Definition & Purpose</i></u>	<u><i>Balance Outstanding October 1, 2008</i></u>	<u><i>Issued</i></u>	<u><i>Redeemed</i></u>	<u><i>Balance Outstanding September 30, 2009</i></u>
MDA – Cap Loan	488,663		18,810	469,853
USDA Rural Development	691,135		52,492	638,643

City of Lexington, Mississippi
Schedule of Surety Bonds for City Officials
September 30, 2009

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Jackie Brown	City Clerk	Insurance Company	\$50,000
Martin Roby	Police Chief	Insurance Company	50,000
Robin McCrory	Mayor	Insurance Company	50,000
David Rule	Board Member	Insurance Company	50,000
Ella Edwards	Board Member	Insurance Company	50,000
Franky McCain	Board Member	Insurance Company	50,000
David Dillon	Board Member	Insurance Company	50,000
Otis Stringfellow	Board Member	Insurance Company	50,000
Rose Gamble	Court Clerk	Insurance Company	50,000
Dorothy English	Deputy Clerk	Insurance Company	50,000

**City of Lexington, Mississippi
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2009**

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Catalog of Federal Domestic Assistance No.</u>	<u>Federal Expenditures</u>
US Department of Housing and Urban Development Passed through Mississippi Development Authority		
Drainage System Improvements	14.228	\$ 98,667
Sewer Rehab	14.228	\$ 67,457
Rehab Armory to Multi Purpose Center	14.228	\$ 81,410
Home Owner Rehabilitation	14.239	\$ 359,997
Total U.S. Department of Housing and Urban Development		\$ 607,531
Natural Resources Conservation Service		\$ 277,715
Federal Aviation		\$ 27,223
Law Enforcement Grant		\$ 3,900
Mississippi Department of Transportaion		\$ 105,749
Total of all Federal Awards		\$ 1,022,118

City of Lexington, Mississippi
Note to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2009

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Lexington and is presented on the cash receipts and disbursements basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**City of Lexington, Mississippi
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2009**

Federal Award Findings and Questioned Costs

None

Internal Control and Compliance

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

Honorable Mayor and Board of Alderpersons
City of Lexington, Mississippi

I have audited the combined statement of cash receipts and disbursements (all funds) of the City of Lexington, Mississippi, for the year ended September 30, 2009, and have issued my report dated November 19, 2009. I have conducted my 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, I 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 my audit, and accordingly, I do not express such an opinion.

The results of those procedures and my audit of the combined statement of cash receipts and disbursements disclosed the following material instance of noncompliance with State laws and regulations. My findings and recommendations and your responses are as follows:

Finding – No evidence suggesting budget was evaluated on a monthly basis and presented to the Board for review.

Recommendation – The Board should comply with Section 21-35-25 and revise its budget to eliminate unfavorable budget variances.

Response - The City will regularly monitor the budget to actual financial statements and comply with State Guidelines over the budgetary process.

Finding - As noted previously, a physical inventory of the City assets has not been prepared.

Recommendation – To comply with GASB 34 compliance and to better manage the City's assets, the city should begin the job of completing a physical inventory and preparing a physical inventory report that can be updated as assets are purchased, constructed, sold or disposed.

Response – The City will begin the process of performing a physical inventory of all assets. Sufficient data will be obtained on each asset to efficiently track assets throughout their life.

Honorable Mayor and Board of Alderpersons
City of Lexington, Mississippi

Page 2

This report is intended solely for the information of the City's management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink, appearing to read "Dungan CPA Co., Inc.", written in a cursive style.

Dungan CPA Co., Inc.
Kosciusko, Mississippi
November 19, 2009

Dungan CPA Co.

Kenny Dungan, CPA
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Board of Alderpersons
City of Lexington, Mississippi

I have audited the combined statement of cash receipts and disbursements (all funds) of the City of Lexington, Mississippi, for the year ended September 30, 2009, and have issued my report thereon dated November 19, 2009. I conducted my audits 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*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Lexington's financial statement is free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the City of Lexington's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the City of Lexington's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 04-1 to 04-2.


A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe that none of the reportable conditions described above are a material weakness.

Honorable Mayor and Board of Alderpersons
City of Lexington, Mississippi

Page 2

I also noted other matters involving the internal control over financial reporting, which I have reported to management of the City of Lexington, Mississippi in a separate letter dated November 19, 2009.

This report is intended solely for the information and use of the management, Office of the State Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Dungan CPA Co., Inc.
Kosciusko, Mississippi
November 19, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Major and Board of Alderpersons
City of Lexington, Mississippi

Compliance

I have audited the compliance of the City of Lexington, Mississippi, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. The City of Lexington's major federal programs are identified in the summary of auditor's results section in the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contract, and grants applicable to each of its major federal programs is the responsibility of the City of Lexington's management. My responsibility is to express an opinion on the City of Lexington's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Lexington's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the City of Lexington's compliance with those requirements.

In my opinion, the City of Lexington complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

Internal Control Over Compliance

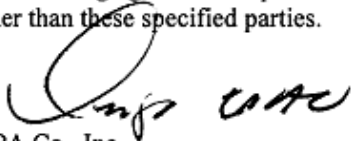
The management of the City of Lexington is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the City of Lexington's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Honorable Mayor and Board of Alderpersons
City of Lexington, Mississippi

Page 2

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected with a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the management, Office of the State Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Dungan CPA Co., Inc.
Kosciusko, Mississippi
November 19, 2009

**CITY OF LEXINGTON, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an adverse opinion on the combined statement of cash receipts and disbursements of the City of Lexington due to the exclusion of government-wide financial statements in accordance with GASB 34.
2. Two reportable conditions disclosed during the audit of the financial statements are reported in the "Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*". None of the conditions are reported as a material weakness.
3. No instances of noncompliance material to the financial statements of the City of Lexington which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable condition in internal control over major federal award programs was disclosed during the audit.
5. The auditor's report on compliance for the major federal award programs for the City of Lexington expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included: HUD Homeowner Rehabilitation, CFDA 14.239 and CDBG Public Facility Fund – water improvement, CFDA 14-228.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The City of Lexington does qualify as a low-risk auditee.

Findings-Financial Statement Audit

Compliance

Note

**CITY OF LEXINGTON, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

REPORTABLE CONDITIONS

04-1 Segregation of Duties

Condition: The current size of the City's work force limits the ability to employ adequate segregation of duties. Most office duties are performed by the City Clerk. The City's designee did not regularly review the financial records and reconciliation during the year.

Criteria: No one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Effect: The City is exposed to potential risk of errors and abuse.

Recommendation: The City should continue to keep abreast of daily activity and closely review and approve transactions (including claims dockets, disbursements, minutes, payroll reports and annual W-2 forms, and financial reports). A Board member, or their designee, should receive and open the bank statements and review the completed reconciliations, review and approve journal entries and subsidiary ledgers.

04-2 Water and Sanitation Collections

Condition: The water and sanitation transactions are not integrated with the general ledger. Water and sanitation subsidiary records are not regularly reconciled to the general ledger. The year end balance in the subsidiary did not agree to the general ledger.

Criteria: The City Clerk and Board should regularly review the receivable subsidiary ledgers and ensure they are reconciled to the general ledger. All supporting records should be retained in accordance with record retention policies.

Effect: The City's recorded revenue at year end did not reflect all of the year's billings. The subsidiary ledger, which is used to collect remittance for users of the City's services, does not agree with the balance recorded in the general ledger.

Recommendation: The subsidiary ledgers should be reconciled to the general ledger each month with any difference timely investigated and corrected. All records supporting the monthly transactions should be retained.

Findings and Questioned Costs-Major Federal Award Programs Audit

None

Management Letter