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TOWN OF MARION, MISSISSIPPI  
AUDITED FINANCIAL STATEMENTS  
AND SPECIAL REPORT

September 30, 2013

BARLOW, WALKER & COMPANY, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS  
BRANDON, MISSISSIPPI

TOWN OF MARION, MISSISSIPPI

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-3
Financial Statements:	
Statement of Activities and Net Assets – Cash Basis	4
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental and Business-type Funds	5-6
Notes to Financial Statements	7-10
Required Supplementary Information:	
Budgetary Comparison Schedule – Budget to Actual (Non-GAAP Basis) General Fund	11
Other Required Supplementary Information	
Schedule of Surety Bonds for Town Officials	12
Schedule of Long-term Debt	13
Schedule of Cash on Hand	14
Schedule of State Municipal Fund Payments	15
Special Report	
Independent Auditor's Report on Compliance with State Laws and Regulations	16-17

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# Barlow, Walker & Company, P.A.

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### **Independent Auditor's Report**

Honorable Mayor and  
Members of the Board of Aldermen  
Town of Marion, Mississippi

#### **Report on the Financial Statements**

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the Town of Marion, Mississippi as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements on the basis of cash receipts and disbursements; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the



effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Marion, Mississippi, as of September 30, 2013, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Omission of Required Supplementary Information*

The Town of Marion, Mississippi has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in appropriate operation, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Other Required Supplementary Information*

The Schedule of Surety Bonds for the Town of Marion, Mississippi has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Marion's basic financial statements. The schedules of long-term debt, cash on hand, and state municipal fund payments are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of long-term debt, cash on hand, and state municipal fund payments are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of long-term debt, cash on hand, and state municipal fund payments are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Emphasis of Matter**

As discussed in Note 1, the Town of Marion, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

*Barlow, Walker & Company, P.A.*

Brandon, Mississippi  
August 11, 2015

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**TOWN OF MARION, MISSISSIPPI**  
**STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS**  
**As of and For the Year Ended September 30, 2013**

Functions / Programs	Program Cash Receipts			Net Receipts (Disbursements) and Changes in Net Assets			
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General and administrative	\$ 249,935	\$ -	\$ -	\$ -	\$ (249,935)	\$ -	\$ (249,935)
Court	24,937	-	-	-	(24,937)	-	(24,937)
Public safety	239,014	-	-	-	(239,014)	-	(239,014)
Public services	64,296	-	-	-	(64,296)	-	(64,296)
Debt service	24,651	-	-	-	(24,651)	-	(24,651)
<b>Total governmental activities</b>	<b>602,833</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(602,833)</b>	<b>-</b>	<b>(602,833)</b>
<b>Business-type activities:</b>							
Water and sewer	652,902	577,883	-	-	-	(75,019)	(75,019)
Sanitation	76,818	57,596	-	-	-	(19,222)	(19,222)
Debt service	80,838	-	-	-	-	(80,838)	(80,838)
<b>Total business-type activities</b>	<b>810,558</b>	<b>635,479</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(175,079)</b>	<b>(175,079)</b>
<b>Total government</b>	<b>\$ 1,413,391</b>	<b>\$ 635,479</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(602,833)</b>	<b>(175,079)</b>	<b>(777,912)</b>
<b>General receipts</b>							
<b>Taxes:</b>							
Property taxes					416,411	30,898	447,309
Sales tax					201,805	-	201,805
Alcoholic beverage tax					1,350	-	1,350
Municipal aid					4,505	-	4,505
Transfers					(186,933)	186,933	-
Interest income					2,315	231	2,546
Other					23,311	5,192	28,503
<b>Total general receipts</b>					<b>462,764</b>	<b>223,254</b>	<b>686,018</b>
Change in net assets					(140,069)	48,175	(91,894)
Net Assets at Beginning of Year					477,207	278,939	756,146
Net Assets at End of Year					\$ 337,138	\$ 327,114	\$ 664,252

See accompanying notes to financial statements.

**TOWN OF MARION, MISSISSIPPI**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES**  
**As of and For the Year Ended September 30, 2013**

	Governmental Activities		Business-type Activities		Total Governmental Funds
	General Fund	Fire Fund	Water Fund	Sanitation Fund	
<b>RECEIPTS</b>					
General property taxes	\$ 404,913	\$ 11,498	\$ -	\$ 30,898	\$ 447,309
Licenses and permits	7,178	-	-	-	7,178
Sales tax	201,805	-	-	-	201,805
Alcoholic beverage tax	1,350	-	-	-	1,350
Municipal aid	4,505	-	-	-	4,505
Fines and forfeits	8,002	-	-	-	8,002
Charges for services:					
Sanitation	-	-	-	57,596	57,596
Water and sewer	-	-	577,883	-	577,883
Interest	2,238	77	29	202	2,546
Other	7,167	964	5,192	-	13,323
<b>Total Receipts</b>	<b>637,158</b>	<b>12,539</b>	<b>583,104</b>	<b>88,696</b>	<b>1,321,497</b>
<b>DISBURSEMENTS</b>					
General government	249,935	-	-	-	249,935
Court	24,937	-	-	-	24,937
Public safety	214,919	24,095	-	-	239,014
Public services	64,296	-	-	-	64,296
Enterprise:					
Water and sewer	-	-	652,902	-	652,902
Sanitation	-	-	-	76,818	76,818
Capital outlay	57,370	-	-	-	57,370
Principal paid on debt	20,603	-	72,639	-	93,242
Interest paid on debt	4,048	-	8,199	-	12,247
<b>Total Disbursements</b>	<b>636,108</b>	<b>24,095</b>	<b>733,740</b>	<b>76,818</b>	<b>1,470,761</b>

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See accompanying notes to financial statements.

**TOWN OF MARION, MISSISSIPPI**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES - continued**  
**As of and For the Year Ended September 30, 2013**

	Governmental Activities		Business-type Activities		Total Governmental Funds
	General Fund	Fire Fund	Water Fund	Sanitation Fund	
Excess of Receipts over (under) Disbursements	1,050	(11,556)	(150,636)	11,878	(149,264)
<b>OTHER CASH SOURCES (USES)</b>					
Proceeds from issuance of debt	57,370	-	-	-	57,370
Transfer in (out) to other funds	(186,892)	(41)	186,933	-	-
Total Other Cash Sources (Uses)	(129,522)	(41)	186,933	-	57,370
Excess (Deficiency) of Receipts and Other Cash Sources over (under) Disbursements and Other Cash Uses	(128,472)	(11,597)	36,297	11,878	(91,894)
CASH BASIS FUND BALANCE - Beginning of Year	445,086	32,121	265,297	13,642	756,146
CASH BASIS FUND BALANCE - End of Year	\$ 316,614	\$ 20,524	\$ 301,594	\$ 25,520	\$ 664,252
<b>CASH BASIS ASSETS</b>					
Cash and cash equivalents	\$ 316,614	\$ 20,524	\$ 301,594	\$ 25,520	\$ 664,252
Total Cash Basis Assets	\$ 316,614	\$ 20,524	\$ 301,594	\$ 25,520	\$ 664,252
<b>CASH BASIS FUND BALANCES - End of Year</b>					
Unassigned	\$ 316,614	20,524	301,594	25,520	664,252
Total Cash Basis Fund Balances	\$ 316,614	\$ 20,524	\$ 301,594	\$ 25,520	\$ 664,252

See accompanying notes to financial statements.

**TOWN OF MARION, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2013**

**Note 1 – Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

The Town of Marion, Mississippi, (the “Town”) was incorporated in 1971. The Town operates under an alderman/mayor form of government and provides all of the rights and privileges provided by statute for municipalities.

The financial statements of the Town have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**B. Government-wide and Fund Financial Statements**

Basic financial statements consist of the following:

Statement of Activities and Net Assets – Cash Basis

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances

The government-wide financial statements report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct disbursements* are those that are clearly identifiable with a specific function or segment. *Program receipts* include 1) receipts from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as *general receipts*.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The governmental-wide financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when collected and disbursements are recorded when cash is spent.

Governmental fund financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when collected and disbursements are recorded when cash is spent.

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**TOWN OF MARION, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2013**

**Note 1 – Summary of Significant Accounting Policies – continued:**

The Town reports the following major governmental fund:

The **General Fund** is the government's primary operating fund. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major proprietary funds:

The **Water and Sewer Fund** is used to account for the activities of providing water and sewer services to citizens of the Town.

The **Sanitation Fund** is used to account for the activities of providing trash collection services to citizens of the Town.

Amounts reported as *program receipts* include 1) receipts from customers or applicants of goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general receipts* rather than as program receipts.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then to use unrestricted resources as they are needed.

***D. Assets and Net Assets or Equity***

Cash and Investments - The Town's cash and cash equivalents are considered to be cash on hand or invested in certificates of deposit.

Fund Equity - In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Town classifies governmental fund balances as follows:

*Non-spendable* – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The Town has no fund balance reported in this category.

*Restricted* – Includes fund balance amounts that are constrained for specific purposes which are internally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The Town has no fund balance reported in this category.

*Committed* – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. The Town has no fund balance reported in this category.

**TOWN OF MARION, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2013**

**Note 1 – Summary of Significant Accounting Policies – continued:**

*Assigned* – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by management other than the highest decision making authority of the Town. The Town has no fund balance reported in this category.

*Unassigned* – Includes positive fund balance with the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Town uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Town would first use committed, then assigned, and lastly, unassigned amounts of unrestricted fund balance when expenditures are made.

**Note 2 – Property Tax**

The Town levies property taxes annually based upon assessed valuations. Real property, personal property and automobile ad valorem taxes and certain road taxes are collected by the county tax collector and disbursed to the Town accordingly.

The tax rate levied by the Town for fiscal year 2013 was set at 33.05 mills to be allocated as follows: 29.28 mills for general fund, 2.77 mills for sanitation, and 1.00 mill for fire protection.

**Note 3 – Cash and Cash Equivalents**

At year-end, the Town's carrying amount of deposits was \$664,251 and the bank balance was \$664,196. The collateral for public entities' deposits in financial institutions are 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, Mississippi Code Ann. (1972). Under this program, the entity'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 those 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.

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**TOWN OF MARION, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2013**

**Note 4 – Defined Benefit Pension Plan**

Plan Description: The Town of Marion, Mississippi contributes to the Public Employees' Retirement System of Mississippi ("PERS"), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy: PERS members are required to contribute 9.00% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS' members are established and may be amended only by the State of Mississippi Legislature. The Town's contributions to PERS for the years ended September 30, 2013, 2012 and 2011 were \$38,202, \$42,005, and \$31,387, respectively, which is equal to the required contributions for each year.

**Note 5 – Subsequent Events**

Management has evaluated subsequent events through August 11, 2015, the date which the financial statements were available to be issued, and determined that no events have occurred requiring adjustment or disclosure in the notes to the financial statements.

**TOWN OF MARION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended September 30, 2013**

	Amended Budget	Actual (Budgetary Basis)	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>			
Property taxes	\$ 353,000	\$ 404,913	\$ 51,913
Licenses and permits	66,500	7,178	(59,322)
Federal grants	228,250	-	(228,250)
State grants	8,500	-	(8,500)
State shared	205,450	201,805	(3,645)
Other	48,100	23,262	(24,838)
Total Receipts	<u>909,800</u>	<u>637,158</u>	<u>(272,642)</u>
<b>EXPENDITURES</b>			
General government	201,650	249,935	(48,285)
Court	40,142	24,937	15,205
Public safety	292,750	214,919	77,831
Public services	103,973	64,296	39,677
Capital Outlay	359,450	57,370	302,080
Debt service	-	24,651	(24,651)
Total Expenditures	<u>997,965</u>	<u>636,108</u>	<u>361,857</u>
Excess of Receipts over (under) Expenditures	<u>(88,165)</u>	<u>1,050</u>	<u>89,215</u>
<b>OTHER CASH SOURCES (USES)</b>			
Proceeds from issuance of debt	-	57,370	(57,370)
Transfers out	-	(186,892)	186,892
Total Other Cash Sources	<u>-</u>	<u>(129,522)</u>	<u>129,522</u>
Net Change in Cash Basis Fund Balance	<u>\$ (88,165)</u>	<u>(128,472)</u>	<u>\$ (40,307)</u>
Cash Basis Fund Balance - Beginning of Year		<u>445,086</u>	
Cash Basis Fund Balance - End of Year		<u>\$ 316,614</u>	

See accompanying notes to financial statements.

**TOWN OF MARION, MISSISSIPPI**  
**Schedule of Surety Bonds for Town Officials**  
**For the Fiscal Year Ended September 30, 2013**

Position	Company	Bond
Mayor	MS Municipal Bond Program	\$ 50,000
Aldermen (5 @ \$50,000 each)	MS Municipal Bond Program	\$ 250,000
Town Clerk	Travelers	\$ 50,000
Chief of Police	Travelers	\$ 50,000
Policemen	Travelers	\$ 50,000
Deputy Clerk	Travelers	\$ 50,000
Court Clerk	Travelers	\$ 50,000
Water Operator	Travelers	\$ 50,000

See Independent Auditor's report.

**TOWN OF MARION, MISSISSIPPI**  
**Schedule of Long-Term Debt**  
**For the Fiscal Year Ended September 30, 2013**

	Interest Rate	Final Maturity Date	Balance Outstanding 10/1/2012	Issued in Fiscal Year 2013	Redeemed in Fiscal Year 2013	Balance Outstanding 9/30/2013
<b>Governmental Activities:</b>						
Ford Motor Credit	7.10%	10/2012	\$ 1,472	\$ -	\$ 1,472	\$ -
Ally Financial	5.39%	10/2015	-	30,830	10,654	20,176
Ally Financial	5.39%	10/2015	-	26,540	8,477	18,063
<b>Business-type Activities:</b>						
State of Mississippi - Drinking Water Systems Systems Improvement Revolving Loan	4.00%	7/2020	408,375	-	52,133	356,242
Mississippi Development Authority - Sewer Improvement Loan	2.00%	9/2029	387,862	-	20,506	367,356
<b>Total</b>			<u>\$ 797,709</u>	<u>\$ 57,370</u>	<u>\$ 93,242</u>	<u>\$ 761,837</u>

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**TOWN OF MARION, MISSISSIPPI**  
**Schedule of Cash on Hand**  
**For the Fiscal Year Ended September 30, 2013**

Bank	Fund	Balance Per General Ledger
Citizens Bank	General Fund	\$ 316,614
Citizens Bank	Fire Fund	\$ 20,524
Citizens Bank	Water & Sewer Fund	\$ 301,594
Citizens Bank	Sanitation Fund	\$ 25,520

See Independent Auditor's report.

**TOWN OF MARION, MISSISSIPPI**  
**Schedule of State Municipal Fund Payments**  
**For the Fiscal Year Ended September 30, 2013**

Payment Purpose	General Receiving Fund	Ledger Amount
Sales Tax Allocation	General Fund	\$ 201,805
Homestead Exemption Reimbursement	General Fund	\$ 10,400
Homestead Exemption Reimbursement	Fire Fund	\$ 352
Homestead Exemption Reimbursement	Sanitation Fund	\$ 986
Gasoline Tax	General Fund	\$ 4,505
Liquor Privilege Tax	General Fund	\$ 1,350

See Independent Auditor's report.

# Barlow, Walker & Company, P.A.

## *Certified Public Accountants*

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### **Independent Auditor's Report on Compliance with State Laws and Regulations**

Honorable Mayor and Members of the Board of Aldermen  
Town of Marion, Mississippi

We have audited the financial statements of the Town of Marion, Mississippi (the "Town") as of and for the year ended September 30, 2013 and have issued our report dated August 11, 2015. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America.

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 audit of the general purpose financial statements disclosed the following material instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses are as follows:

#### **Finding 2013-1 Reporting Requirement:**

The Town did not prepare a Municipal Compliance Questionnaire in accordance with the State of Mississippi reporting requirements.

#### **Recommendation:**

The Town should prepare a Municipal Compliance Questionnaire at the end of the Town's fiscal year and enter into the official minutes of the Board of Aldermen.

#### **Response:**

The Board of Aldermen with assistance of the Town Clerk and Mayor will complete the Municipal Compliance Questionnaire for future years and file the form and related certification in the official minutes of the Board.

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**Finding 2013-2 Reporting Requirement:**

The Town has not maintained a complete and accurate accounting of fixed assets. The Board of Aldermen is responsible for the custody of its assets. This protective custody cannot be accomplished without complete and accurate records.

**Recommendation:**

The Town should take efforts to update the accounting of fixed assets for the Town and ensure that a complete and accurate accounting of fixed assets is maintained.

**Response:**

The Board of Aldermen along with the Mayor and Town Clerk plan to begin compiling an accurate and complete accounting of fixed assets in order to be compliant in future years.

**Finding 2013-3 Budget Requirement:**

The Town's actual general fund general government expenditures exceeded the budgeted amount in excess of 10% percent for the fiscal year.

**Recommendation:**

Expenditures should not exceed budget estimates, measured at the lowest level adopted in the budget, except for capital outlay, election expenses and payment of emergency warrants. The Town should revise the budget as needed throughout the fiscal year to account for changes that occur after the original budget is adopted.

**Response:**

The Board of Aldermen will take efforts to revise budgets as needed in future years to be compliant with State requirements.

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 has been taken.

This report is intended for the information of the Town's 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.

*Barlow, Walker & Company, P.C.*  
Brandon, Mississippi  
August 11, 2015