



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

Elvis Hudson  
Mayor

Lisa Lindley  
Vice-Mayor

Alderman  
Stacy M. Blalock  
Wilson Christian  
Rita Rawson  
Tammy Young



INCORPORATED 1972  
POST OFFICE BOX 310 MARION, MISSISSIPPI 39342  
Telephone (601) 483-9573  
mariontownhall@ymail.com  
www.marionms.org

Shirley Durden  
Town Clerk

October 31, 2017

To whom it may concern.

REF: Audit for Fiscal 2016

The Town of Marion audit has been completed by Barlow, Walker & Company, P.A. This is the audited financial statement and Special reports for the fiscal year October 1, 2015-September 30, 2016.

Thank you,

Shirley Durden (Town Clerk)

RECEIVED  
NOV 02 2017



# TOWN OF MARION, MISSISSIPPI

## Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-3
Financial Statements:	
Statement of Activities and Net Position – 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	7-9
Required Supplementary Information:	
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)	
General Fund	10
Other Required Supplementary Information:	
Schedule of Cash on Hand	11
Schedule of Investments	12
Schedule of Long-term Debt	13
Schedule of State Municipal Fund Payments	14
Schedule of Surety Bonds for Municipal Officials and Employees	15
Special Reports:	
Independent Auditor's Report on Internal Control over Financial Reporting	
and on Compliance and Other Matters Based on an Audit of Financial	
Statements Performed in Accordance with <i>Government Auditing Standards</i>	16-17
Independent Auditor's Report on Compliance with State Laws and Regulations	18-19
Schedule of Findings and Questioned Costs	20

NOV 02 2017



# Barlow, Walker & Company, P.A.

## *Certified Public Accountants*

Charles S. Barlow, CPA  
Kenneth G. Walker, CPA

Kristi G. Thompson, CPA  
Rose L. Williamson, CPA  
Lauren M. LaPrade, CPA  
Hogan E. Allen, CPA  
Carley W. Moore, CPA, CFE  
Jeffrey S. Eilders, CPA

Members of:  
American Institute of CPA's  
Mississippi Society of CPA's

282 Maxey Drive  
P.O. Box 150  
Brandon, Mississippi 39043  
(601) 825-1310  
(601) 825-1326 Fax

113-C Main Street  
Quitman, Mississippi 39355  
(601) 776-3361

Email: [sandy@brandoncpas.com](mailto:sandy@brandoncpas.com)  
[ken@brandoncpas.com](mailto:ken@brandoncpas.com)

Web: [www.barlowwalkercpa.com](http://www.barlowwalkercpa.com)

### **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, business-type activities, each major fund, and aggregate remaining fund information of the Town of Marion, Mississippi ("Town"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's 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 in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 opinions 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 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 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 opinions.



The CPA. Never Underestimate The Value.®



## **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, 2016, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

The cash basis of accounting requires that the budgetary comparison information on page 11 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 the cash basis of accounting, 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 the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Omission of Required Supplementary Information*

Town of Marion, Mississippi has omitted management's discussion and analysis that the cash basis of accounting requires to be presented for purposes of additional analysis. 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

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

The schedules of cash on hand, investments, long-term debt, 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 cash on hand, investments, long-term debt, and state municipal fund payments and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.





The schedule of surety bonds for municipal officials and employees 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2017, on our consideration of the Town of Marion, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Marion, Mississippi's internal control over financial reporting and compliance.

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

Brandon, Mississippi

October 7, 2017



**TOWN OF MARION**  
**STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS**  
**As of and For the Year Ended September 30, 2016**

Functions / Programs	Cash Disbursements	Program Cash Receipts			Net Receipts (Disbursements) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General and administrative	\$ 266,977	\$ -	\$ -	\$ -	\$ (266,977)	\$ -	\$ (266,977)
Court	25,553	-	-	-	(25,553)	-	(25,553)
Public safety	328,454	-	-	-	(328,454)	-	(328,454)
Public services	92,257	-	-	-	(92,257)	-	(92,257)
Principal and interest on long-term debt	10,543	-	-	-	(10,543)	-	(10,543)
Total governmental activities	<u>723,784</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(723,784)</u>	<u>-</u>	<u>(723,784)</u>
<b>Business-type activities:</b>							
Water and sewer	630,153	616,007	-	56,369	-	42,223	42,223
Sanitation	81,635	57,142	-	-	-	(24,493)	(24,493)
Principal and interest on long-term debt	149,172	-	-	-	-	(149,172)	(149,172)
Total business-type activities	<u>860,960</u>	<u>673,149</u>	<u>-</u>	<u>56,369</u>	<u>-</u>	<u>(131,442)</u>	<u>(131,442)</u>
Total government	<u>\$ 1,584,744</u>	<u>\$ 673,149</u>	<u>\$ -</u>	<u>\$ 56,369</u>	<u>(723,784)</u>	<u>(131,442)</u>	<u>(855,226)</u>
<b>General receipts</b>							
Taxes:							
Property taxes					372,082	32,385	404,467
Sales tax					222,948	-	222,948
Franchise fees					65,432	-	65,432
Alcoholic beverage tax					2,250	-	2,250
Municipal aid					4,897	-	4,897
Fire insurance rebate					9,486	-	9,486
Transfers					(5,035)	5,035	-
Interest income					798	198	996
Loan proceeds					35,206	101,052	136,258
Other					36,639	10,182	46,821
Total general receipts					<u>744,703</u>	<u>148,852</u>	<u>893,555</u>
Change in net position					20,919	17,410	38,329
Net Position - Cash Basis, Beginning of Year					456,495	381,681	838,176
Net Position - Cash Basis, End of Year					<u>\$ 477,414</u>	<u>\$ 399,091</u>	<u>\$ 876,505</u>

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



**TOWN OF MARION, MISSISSIPPI**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS**  
**As of and For the Year Ended September 30, 2016**

	Governmental Activities		Business-type Activities		Total
	General Fund	Fire Fund	Water Fund	Sanitation Fund	Governmental Funds
<b>RECEIPTS</b>					
General property taxes	\$ 359,949	12,133	\$ -	\$ 32,385	\$ 404,467
Licenses and permits	7,891	-	-	-	7,891
Franchise taxes	65,432	-	-	-	65,432
Intergovernmental revenues:					
Federal revenues	-	-	56,369	-	56,369
State shared revenues:					
Sales tax	222,948	-	-	-	222,948
Alcoholic beverage tax	2,250	-	-	-	2,250
Municipal aid	4,897	-	-	-	4,897
Fire insurance rebate	-	9,486	-	-	9,486
Charges for services:					
Sanitation	-	-	-	57,142	57,142
Water and sewer	-	-	616,007	-	616,007
Fines and forfeits	13,262	-	-	-	13,262
Interest	772	26	127	71	996
Other	14,659	827	10,182	-	25,668
Total Receipts	692,060	22,472	682,685	89,598	1,486,815
<b>DISBURSEMENTS</b>					
General government	266,977	-	-	-	266,977
Court	25,553	-	-	-	25,553
Public safety	269,222	15,453	-	-	284,675
Public services	92,257	-	-	-	92,257
Enterprise:					
Water and sewer	-	-	459,810	-	459,810
Sanitation	-	-	-	81,635	81,635
Total Disbursements	654,009	15,453	459,810	81,635	1,210,907
Excess of Receipts over Disbursements	38,051	7,019	222,875	7,963	275,908

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



**TOWN OF MARION, MISSISSIPPI**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS - continued**  
**As of and For the Year Ended September 30, 2016**

	Governmental Activities		Business-type Activities		Total
	General	Fire	Water	Sanitation	Governmental
	Fund	Fund	Fund	Fund	Funds
<b>OTHER CASH SOURCES (USES)</b>					
Capital outlay	(38,196)	(5,583)	(170,343)	-	(214,122)
Principal paid on debt	(7,788)	-	(111,496)	-	(119,284)
Interest paid on debt	(2,755)	-	(37,676)	-	(40,431)
Proceeds from issuance of debt	35,206	-	101,052	-	136,258
Transfer in (out) to other funds	(20,569)	15,534	5,035	-	-
Total Other Cash Sources (Uses)	(34,102)	9,951	(213,428)	-	(237,579)
Excess of Receipts and Other Cash Sources over Disbursements and Other Cash Uses	3,949	16,970	9,447	7,963	38,329
FUND BALANCES - CASH BASIS, Beginning of Year	452,656	3,839	337,409	44,272	838,176
FUND BALANCES - CASH BASIS, End of Year	<u>\$ 456,605</u>	<u>\$ 20,809</u>	<u>\$ 346,856</u>	<u>\$ 52,235</u>	<u>\$ 876,505</u>
CASH BASIS ASSETS - End of Year					
Cash and cash equivalents	<u>\$ 456,605</u>	<u>\$ 20,809</u>	<u>\$ 346,856</u>	<u>\$ 52,235</u>	<u>\$ 876,505</u>
Total Cash Basis Assets	<u>\$ 456,605</u>	<u>\$ 20,809</u>	<u>\$ 346,856</u>	<u>\$ 52,235</u>	<u>\$ 876,505</u>
FUND BALANCES - CASH BASIS, End of Year	<u>\$ 456,605</u>	<u>\$ 20,809</u>	<u>\$ 346,856</u>	<u>\$ 52,235</u>	<u>\$ 876,505</u>
Total Fund Balances - Cash Basis	<u>\$ 456,605</u>	<u>\$ 20,809</u>	<u>\$ 346,856</u>	<u>\$ 52,235</u>	<u>\$ 876,505</u>

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





**TOWN OF MARION, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2016**

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

**A. Financial Reporting Entity**

The Town of Marion, Mississippi, ("Town") was incorporated in 1971. The Town operates under a Mayor-Board of Alderpersons form of government and provides public safety (police and fire), water and sewer services, sanitation and other rights and privileges provided by statute for municipalities.

The financial statements of the Town have been prepared on the cash basis of accounting, 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**

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 government-wide financial statements and the governmental fund financial statements are reported using 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. Receipts are recorded when collected and disbursements are recorded when cash is spent.

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 for 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 cash is available for use, it is the Town's policy to use restricted cash first, then unrestricted cash as it is needed.



**TOWN OF MARION, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2016**

***D. Assets and Net Position or Fund Balance***

Cash and Certificates of Deposit

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

Net Position

*Restricted net position* – Consists of cash with constraints placed on the use by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

*Unrestricted net position* – All other net position not meeting the definition of "restricted."

Fund Balances

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 does not have any non-spendable fund balances.

*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.

*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 does not have any committed fund balances.

*Assigned* – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance may be assigned by management other than the highest decision making authority of the Town. The Town does not have any assigned fund balances.

*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**

Property taxes for fiscal year 2016 were levied in September 2015 on the assessed valuation of property located in the Town of Marion, Mississippi as of the preceding January 1, the lien date. Real property, personal property and automobile ad valorem taxes and certain road taxes are collected by the Lauderdale County tax collector and disbursed to the Town accordingly.

The tax rate levied by the Town for fiscal year 2016 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.

RECEIVED  
NOV 02 2017



**TOWN OF MARION, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2016**

**Note 3 – Cash and Certificates of Deposit**

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 Legislature and is governed by Section 27-105-5, Mississippi Code Ann. (1972). Under this program, the Town'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.

As of September 30, 2016, the carrying amount of the Town's cash and certificate of deposit was \$816,095 and \$60,150, respectively. The bank balance was \$886,114 and \$60,150, respectively. The difference of \$9,869 includes outstanding checks and deposits.

*Custodial Credit Risk - Deposits.* Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the Town. As of September 30, 2016, \$610,628 of the Town's bank balance of \$886,114 was exposed to custodial credit risk as follows:

Collateralized by the State Public Funds Guaranty Pool    \$ 610,628

*Interest Rate Risk.* The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e) Miss. Code Ann. (1972). The Town does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

**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, or by visiting online at [www.pers.ms.gov](http://www.pers.ms.gov).

*Contributions.* 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, 2016, 2015 and 2014 were \$56,493, \$48,993, and \$43,142, respectively, which is equal to the required contributions for each year.

**Note 5 – Subsequent Events**

Management has evaluated subsequent events through DRAFT, the date the financial statements were available to be issued, and found that there were no material subsequent events requiring adjustment or disclosure in the notes to the financial statements.



**TOWN OF MARION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND - CASH BASIS**  
**For the Year Ended September 30, 2016**

	Original Budget	Final Budget	Actual (Budgetary Basis)	and Actual Favorable (Unfavorable)
<b>RECEIPTS</b>				
Property taxes	\$ 340,000	\$ 340,000	\$ 367,840	\$ 27,840
Licenses and permits	77,500	77,500	65,432	(12,068)
Federal grants	165,000	-	-	-
State grants	8,500	8,500	-	(8,500)
State shared	235,000	235,000	230,095	(4,905)
Other	28,635	28,635	28,693	58
Total Receipts	854,635	689,635	692,060	2,425
<b>EXPENDITURES</b>				
General government	389,950	259,850	266,977	(7,127)
Court	38,080	38,080	25,553	12,527
Public safety	299,800	299,800	269,222	30,578
Public services	126,805	126,805	92,257	34,548
Total Expenditures	854,635	724,535	654,009	70,526
Excess of Receipts over (under) Expenditures	-	(34,900)	38,051	72,951
<b>OTHER CASH SOURCES (USES)</b>				
Capital Outlay	(29,000)	(18,600)	(38,196)	(19,596)
Debt service	-	-	(10,543)	(10,543)
Proceeds from issuance of debt	-	-	35,206	35,206
Transfers in (out)	12,000	19,600	(20,569)	40,169
Total Other Cash Sources (Uses)	(17,000)	1,000	(34,102)	40,169
Net Change in Fund Balance - Cash Basis	\$ (17,000)	\$ (33,900)	\$ 3,949	\$ 32,782
Fund Balance - Cash Basis, Beginning of Year			452,656	
Fund Balance - Cash Basis, End of Year			\$ 456,605	

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





**TOWN OF MARION, MISSISSIPPI**  
**Schedule of Cash on Hand**  
**For the Fiscal Year Ended September 30, 2016**

Bank	Fund	Balance Per General Ledger
Citizens National Bank	General Fund	\$ 456,605
Citizens National Bank	Fire Fund	20,809
Citizens National Bank	Water & Sewer Fund	261,220
First State Bank	Water & Sewer Fund	25,486
Citizens National Bank	Sanitation Fund	52,235
		<u>\$ 816,355</u>

REV 02 2017



**TOWN OF MARION, MISSISSIPPI**  
**Schedule of Investments**  
**For the Fiscal Year Ended September 30, 2016**

<u>Investment</u>	<u>Fund</u>	<u>Balance Per General Ledger</u>
Certificate of Deposit, .25%, dated July 23, 2016, matures July 23, 2017	Water & Sewer Fund	\$ 60,150



**TOWN OF MARION, MISSISSIPPI**  
**Schedule of Changes in Long-Term Debt**  
**For the Fiscal Year Ended September 30, 2016**

	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Balance Outstanding 10/1/2015</u>	<u>Issued in Fiscal Year 2016</u>	<u>Redeemed in Fiscal Year 2016</u>	<u>Balance Outstanding 9/30/2016</u>
<b>Governmental Activities:</b>						
Ally Financial	5.39%	10/2015	\$ 2,776	\$ -	\$ 2,776	\$ -
Ally Financial	5.39%	10/2015	797	-	797	-
BancorpSouth Equipment Finance	2.45%	4/2020	-	35,206	4,215	30,991
<b>Business-type Activities:</b>						
State of Mississippi - Drinking Water Systems Systems Improvement Revolving Loan	4.00%	7/2020	251,976	-	52,133	199,843
Mississippi Development Authority - Sewer Improvement Loan	2.00%	9/2029	329,244	-	20,077	309,167
US Department of Agriculture Rural Development Loan	2.125%	4/2050	1,340,024	-	29,215	1,310,809
BancorpSouth Equipment Finance	2.45%	5/2020	-	101,052	10,071	90,981
<b>Total</b>			<u>\$ 1,924,817</u>	<u>\$ 136,258</u>	<u>\$ 119,284</u>	<u>\$ 1,941,791</u>



**TOWN OF MARION, MISSISSIPPI**  
**Schedule of State Municipal Fund Payments**  
**For the Fiscal Year Ended September 30, 2016**

<u>Payment Purpose</u>	<u>General Receiving Fund</u>	<u>Ledger Amount</u>
Sales Tax Allocation	General Fund	\$ 222,948
Homestead Exemption Reimbursement	General Fund	\$ 12,325
Homestead Exemption Reimbursement	Fire Fund	\$ 416
Homestead Exemption Reimbursement	Sanitation Fund	\$ 1,139
Gasoline Tax	General Fund	\$ 4,897
Liquor Privilege Tax	General Fund	\$ 2,250
Fire Protection Allocation	Fire Fund	\$ 9,486

NOV 02 2017





**TOWN OF MARION, MISSISSIPPI**  
**Schedule of Surety Bonds for Town Officials**  
**For the Fiscal Year Ended September 30, 2016**

Position	Company	Bond	
Mayor and Alderpersons (\$50,000 each)	MS Municipal Bond Program	\$	300,000
Town Clerk	Travelers	\$	50,000
Chief of Police	Travelers	\$	50,000
Police Officers (19 @ \$25,000 each)	Travelers	\$	475,000
Deputy Clerks (3 @ \$50,000 each)	Travelers	\$	150,000
Court Clerk	Travelers	\$	50,000
Water Operator	Travelers	\$	50,000



# Barlow, Walker & Company, P.A.

## *Certified Public Accountants*

Charles S. Barlow, CPA  
Kenneth G. Walker, CPA

Kristi G. Thompson, CPA  
Rose L. Williamson, CPA  
Lauren M. LaPrade, CPA  
Hogan E. Allen, CPA  
Carley W. Moore, CPA, CFE  
Jeffrey S. Eilders, CPA

Members of:  
American Institute of CPA's  
Mississippi Society of CPA's

282 Maxey Drive  
P.O. Box 150  
Brandon, Mississippi 39043  
(601) 825-1310  
(601) 825-1326 Fax

113-C Main Street  
Quitman, Mississippi 39355  
(601) 776-3361

Email: [sandy@brandoncpas.com](mailto:sandy@brandoncpas.com)  
[ken@brandoncpas.com](mailto:ken@brandoncpas.com)

Web: [www.barlowwalkercpa.com](http://www.barlowwalkercpa.com)

### **Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information Town of Marion, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Marion, Mississippi's basic financial statements, and have issued our report thereon dated October 7, 2017.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Marion, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Marion, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Marion, Mississippi's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



The CPA. Never Underestimate The Value.®



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Marion, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

*Barlow, Walther & Company, P.A.*  
October 7, 2017  
Brandon, Mississippi

NOV 02 2017



# Barlow, Walker & Company, P.A.

## *Certified Public Accountants*

Charles S. Barlow, CPA  
Kenneth G. Walker, CPA

Kristi G. Thompson, CPA  
Rose L. Williamson, CPA  
Lauren M. LaPrade, CPA  
Hogan E. Allen, CPA  
Carley W. Moore, CPA, CFE  
Jeffrey S. Eilders, CPA

Members of:  
American Institute of CPA's  
Mississippi Society of CPA's

282 Maxey Drive  
P.O. Box 150  
Brandon, Mississippi 39043  
(601) 825-1310  
(601) 825-1326 Fax

113-C Main Street  
Quitman, Mississippi 39355  
(601) 776-3361

Email: [sandy@brandoncpas.com](mailto:sandy@brandoncpas.com)  
[ken@brandoncpas.com](mailto:ken@brandoncpas.com)

Web: [www.barlowwalkercpa.com](http://www.barlowwalkercpa.com)

### **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 ("Town") as of and for the year ended September 30, 2016, and have issued our report dated October 7, 2017. 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 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 2016-1 Reporting Requirement:**

While efforts have been taken by the Town to take an inventory of fixed assets and compile an accurate listing, 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 continue to take efforts to update the accounting of fixed assets 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 continue compiling an accurate and complete accounting of fixed assets in order to be compliant in future years.

#### **Finding 2016-2 Depositories Requirement:**

The Town has not complied with the requirement to select depositories certified by the State Treasurer for not more than a two-year term.



The CPA. Never Underestimate The Value.®





Recommendation:

The Board of Aldermen should take efforts to comply with the requirement that specifies that municipalities should select depositories for not more than a two-year term. Those depositories must meet capital requirements and be certified by the State Treasurer and securities must be pledged to the State Treasurer in a manner to ensure adequate collateralization.

Response:

The Town Clerk along with the Mayor and Board of Aldermen are taking efforts to comply with the depositories 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.A.*

Brandon, Mississippi  
October 7, 2017

NOV 02 2017

[illegible]

**TOWN OF MARION, MISSISSIPPI**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2016**

Section 1: Summary of Auditor's Results

***Financial Statements:***

- |   |                      |
|---|----------------------|
| 1. Type of auditor's report issued on the general purpose financial statements:           | <u>Unmodified</u>    |
| 2. Internal control over financial reporting:   |                      |
| a. Material weaknesses identified?  | <u>No</u>            |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | <u>None Reported</u> |
| 3. Noncompliance material to financial statements noted?                                  | <u>No</u>            |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

NOV 02 2017

