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TOWN OF DECATUR

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Decatur, MS 39327
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Email: townofdec@decaturtel.net

David Marshall, Mayor
Brenda Harper, Clerk
Jason Mangum, Town Attorney
Tyler McCaughn, Municipal Judge
Joedy Pennington, Police Chief
David Anderson, Public Works Director
Raymond Overstreet, Fire Chief
Pam Joyner, Court Clerk

Board of Alderman

Max Anderson	Ward 1
Mark Buntyn	Ward 2
Michael Harris	Ward 3
Danny Cherry	Ward 4
Phil Sutphin	Ward 5

1 February 2018

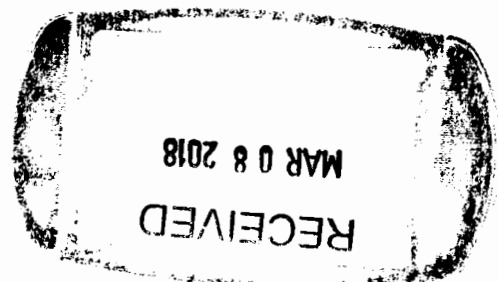
Office of the State Auditor
P.O. Box 956
Jackson, MS 39205

Re: Annual Municipal Audit

Accompanying this letter is a copy of the annual audit of the Town of Decatur, Mississippi, for the fiscal year ended September 30, 2017. In connection with this audit, a separate management letter was written to the Town. Enclosed you will find a copy of this management letter along with the audit reports.

Sincerely,

Mayor



PRICE & Co.

Certified Public Accountants

A Professional Association

P.O. Box 364 - 106 East Third Street

Forest, Mississippi 39074

Phone: (601) 469-4020 - Fax: (601) 469-4028

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William N. Price, Jr. CPA

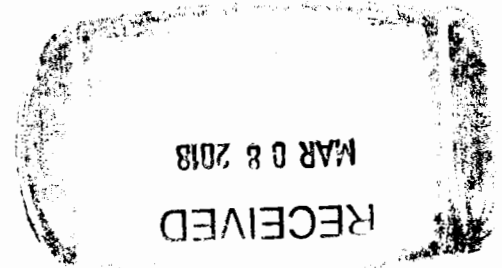
Member: American Institute of Certified Public Accountants
Mississippi Society of Certified Public Accountants

William Newman Price, CPA

1927-2011

January 24, 2018

Honorable Mayor and Board of Aldermen
Town of Decatur, Mississippi



We have audited the financial statement of the Town of Decatur, Mississippi for the year ended September 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 20, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Decatur, Mississippi are described in Note 1 to the financial statement. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2017. We noted no transactions entered into by the Town of Decatur, Mississippi during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the

misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statement taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statement or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 24, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town of Decatur, Mississippi's financial statement or a determination of the type of auditor's opinion that may be expressed on that statement, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town of Decatur, Mississippi's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Schedules of Investments, Capital Assets, Changes in Long-Term Debt, and Surety Bonds for Municipal Officials and Employees, which are required supplementary information (RSI) that supplements the basic financial statement. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statement, and other knowledge we obtained during our audit of the basic financial statement. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Board of Aldermen and management of the Town of Decatur, Mississippi and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Price & Co.

Price & Co.



TOWN OF DECATUR, MISSISSIPPI
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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**TOWN OF DECATUR, MISSISSIPPI
ANNUAL FINANCIAL STATEMENT
For the Year Ended September 30, 2017**

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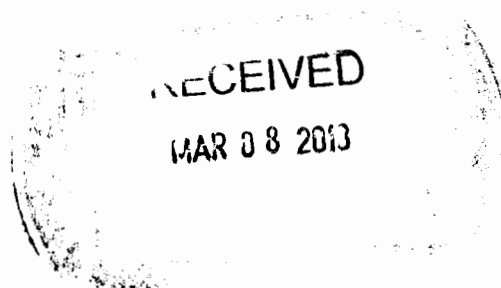
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INDEPENDENT AUDITOR'S REPORT ON THE COMBINED STATEMENT OF CASH RECEIPTS
AND DISBURSEMENTS AND SUPPLEMENTAL INFORMATION

Honorable Mayor and Board of Aldermen
Town of Decatur, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statement of the governmental activities, business-type activities, and each major fund of the Town of Decatur, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statement, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting; 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 of these financial statement 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 opinion

Opinions

In our opinion, the financial statement referred to above presents fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, and each major fund of the Town of Decatur, Mississippi as of September 30, 2017, and the respective changes in cash basis financial position thereof for the year then ended in conformity with the basis of accounting described in Note 1.

Other Matters

Omission of Required Supplementary Information

Management has omitted the Management's Discussion and Analysis, the Schedule of the Town's Proportionate Share of the Net Pension Liability, the Schedule of the Town's Contributions, and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statement. Such missing information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statement in appropriate operational, economic, or historical context. Our opinion on the basic financial statement is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation of the financial statement as a whole.

Other Required Supplementary Information

The Schedule of Investments - All Funds, Schedule of Capital Assets, Schedule of Changes in Long-Term Debt, and Schedule of Surety Bonds for Municipal Officials and Employees have not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2018, on our consideration of the Town of Decatur, 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 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 Decatur, Mississippi's internal control over financial reporting and compliance.

Price & Co.

Price & Co.
Forest, Mississippi

January 24, 2018

TOWN OF DECATUR, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
For the Year Ended September 30, 2017

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Proprietary Fund</u>	<u>Fiduciary</u>	<u>T o t a l s</u> (Memorandum Only)	
						<u>2017</u>	<u>2016</u>
RECEIPTS							
Taxes							
General Property Taxes	\$ 267,514	\$ -	\$ 23,234	\$ -	\$ -	\$ 290,748	\$ 288,353
Penalties and Interest on Delinquent Taxes	-	-	-	-	-	-	11
Licenses and Permits							
Franchise charges - utilities	87,304	-	-	-	-	87,304	87,780
Other	1,953	-	-	-	-	1,953	1,953
Intergovernmental Revenues:							
Federal Receipts							
Grants	5,268	-	1,273,978	-	-	1,279,246	82,139
General Municipal Aid (From State)	918	-	-	-	-	918	918
State Shared Revenues:							
Sales Taxes	144,958	-	-	-	-	144,958	148,745
Gasoline Tax	5,638	-	-	-	-	5,638	5,638
Fire Insurance Premium Distribution	-	10,308	-	-	-	10,308	11,807
Law Enforcement Grants	-	-	-	-	-	-	3,648
Special Infrastructure Project	-	-	150,000	-	-	150,000	-
Small Municipality Grant	-	-	41,409	-	-	41,409	-
County Grants and Shared Receipts							
Road Taxes	27,139	-	-	-	-	27,139	26,859
Fire Calls	-	15,880	-	-	-	15,880	15,291
Interest income	626	321	294	485	11	1,737	1,329
Cemetery Charges	-	3,025	-	-	-	3,025	5,500
Sale of Vehicles and Equipment	-	-	-	-	-	-	3,787
Contribution from Businesses and Individuals	250	922	-	-	-	1,172	1,856
Charges For Services:							
Water Utility	-	-	-	411,904	-	411,904	454,474
Sanitation	92,451	-	38,403	-	-	130,854	132,614
Drug Seized Funds	-	-	3,143	-	-	3,143	3,948
Fines and Forfeits	133,442	-	-	-	-	133,442	147,714
Miscellaneous Receipts	500	-	-	1,956	-	2,456	3,483
Total Receipts	<u>767,961</u>	<u>30,456</u>	<u>1,530,461</u>	<u>414,345</u>	<u>11</u>	<u>2,743,234</u>	<u>1,427,847</u>

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The accompanying notes are an integral part of this financial statement.

TOWN OF DECATUR, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
For the Year Ended September 30, 2017

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Proprietary Fund</u>	<u>Fiduciary</u>	T o t a l s (Memorandum Only)	
						2017	2016
DISBURSEMENTS							
General Government (Executive and Financial)	\$ 136,178	\$ -	\$ -	\$ -	\$ -	\$ 136,178	\$ 137,050
Public Safety							
Police	331,249	-	-	-	-	331,249	332,750
Fire	-	20,750	-	-	-	20,750	23,815
Streets and Sanitation	150,565	-	115,855	-	-	266,420	216,343
Culture and Recreation	-	7,460	-	-	-	7,460	6,960
Enterprise:							
Water Utility	-	-	-	312,230	-	312,230	300,757
Notes Repaid	20,885	-	71,426	470,752	-	563,063	149,110
Total Disbursements	<u>638,877</u>	<u>28,210</u>	<u>187,281</u>	<u>782,982</u>	<u>-</u>	<u>1,637,350</u>	<u>1,166,785</u>
Excess (Deficiency) of receipts over disbursements	<u>129,084</u>	<u>2,246</u>	<u>1,343,180</u>	<u>(368,637)</u>	<u>11</u>	<u>1,105,884</u>	<u>261,062</u>
OTHER FINANCING SOURCES (USES)							
Transfers	(150,115)	18,100	292,515	(160,500)	-	-	-
Bond Proceeds	-	-	-	460,000	-	460,000	-
Capital Outlay	(26,658)	(6,685)	(1,415,688)	-	-	(1,449,031)	(99,291)
Total other financing resources (uses)	<u>(176,773)</u>	<u>11,415</u>	<u>(1,123,173)</u>	<u>299,500</u>	<u>-</u>	<u>(989,031)</u>	<u>(99,291)</u>
Excess (Deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(47,689)</u>	<u>13,661</u>	<u>220,007</u>	<u>(69,137)</u>	<u>11</u>	<u>116,853</u>	<u>161,771</u>
CASH BASIS FUND BALANCE - BEGINNING OF YEAR	<u>511,097</u>	<u>137,549</u>	<u>239,711</u>	<u>455,461</u>	<u>6,950</u>	<u>1,350,768</u>	<u>1,188,997</u>
CASH BASIS FUND BALANCE - END OF YEAR	<u>\$ 463,408</u>	<u>\$ 151,210</u>	<u>\$ 459,718</u>	<u>\$ 386,324</u>	<u>\$ 6,961</u>	<u>\$ 1,467,621</u>	<u>\$ 1,350,768</u>

The accompanying notes are an integral part of this financial statement.

**TOWN OF DECATUR, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENT
September 30, 2017**

Note 1 Summary of Significant Accounting Policies

A. **General Information**

The city operates under the mayor/board of alderman form of government and provides services as authorized by law.

Reporting Entity

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

Fund Accounting

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

Basis of Accounting

The financial statement is prepared on a cash receipts and disbursements basis, as prescribed by the Office of the State Auditor. Consequently, certain revenues are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred.

B. **Report Classifications**

Receipts and disbursements were classified according to requirements for small towns in the State of Mississippi as prescribed by the Office of the State Auditor.

Note 2 Economic Dependency

Three educational institutions provided 25% of the revenue of the Water and Sewer Fund.

TOWN OF DECATUR, MISSISSIPPI
SCHEDULE OF INVESTMENTS - ALL FUNDS
September 30, 2017

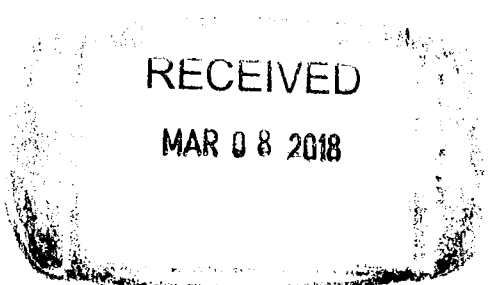
<u>OWNERSHIP</u>	<u>TYPE OF INVESTMENT</u>	<u>INTEREST RATE</u>	<u>ACQUISITION DATE</u>	<u>MATURITY DATE</u>	<u>OTHER INFORMATION</u>	<u>INVESTMENT COST/VALUE</u>
General Fund	Certificate of Deposit	0.45%	10/15/2016	4/15/2018	The Citizens Bank	\$ 30,431
TOTAL INVESTMENTS						<u>\$ 30,431</u>

See accompanying notes and accountant's report.

TOWN OF DECATUR, MISSISSIPPI
SCHEDULE OF CAPITAL ASSETS
For the Year Ended September 30, 2017

		Transactions During Fiscal Year		
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital Assets:				
Land	\$ 47,207	\$ -	\$ -	\$ 47,207
Buildings	278,853	-	-	278,853
Machinery and Equipment	482,756	32,943	2,412	513,287
Infrastructure	1,708,520	-	-	1,708,520
Construction in process	-	-	-	-
Total Governmental activities capital assets	\$ 2,517,336	\$ 32,943	\$ 2,412	\$ 2,547,867
Business-type activities:				
Capital Assets:				
Land	\$ 7,745	\$ -	\$ -	\$ 7,745
Buildings	8,412	29,012	-	37,424
Machinery and Equipment	83,899	166,245	-	250,144
Infrastructure	5,134,915	1,037,958	-	6,172,873
Construction in process	-	-	-	-
Total Business-type activities capital assets	\$ 5,234,971	\$ 1,233,215	\$ -	\$ 6,468,186

See accompanying notes and accountant's report.



TOWN OF DECATUR, MISSISSIPPI
SCHEDULE OF CHANGES IN LONG TERM DEBT
For the Year Ended September 30, 2017

	<u>Balance Outstanding October 1, 2016</u>	<u>Transactions During Fiscal Year</u>		<u>Balance Outstanding September 30, 2017</u>
		<u>Issued</u>	<u>Redeemed</u>	
DEFINITION AND PURPOSE:				
General Obligation Bonds:				
General Obligation	\$ 104,000	\$ -	\$ 16,000	\$ 88,000
Street Improvements	199,985	-	50,084	149,901
Other Long-term Debt:				
USDA Rural Development	11,735	-	11,735	-
Mississippi Development Authority	266,098	-	14,744	251,354
2002 Water and Sewer	430,563	-	430,563	-
20017 Water and Sewer Refunding	<u>-</u>	<u>460,000</u>	<u>-</u>	<u>460,000</u>
TOTAL	<u><u>\$ 1,012,381</u></u>	<u><u>\$ 460,000</u></u>	<u><u>\$ 523,126</u></u>	<u><u>\$ 949,255</u></u>

See accompanying notes and accountant's report.

TOWN OF DECATUR, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS AND EMPLOYEES
September 30, 2017

Schedule 4

<u>N a m e</u>	<u>P o s i t i o n</u>	<u>S u r e t y</u>	<u>B o n d A m o u n t</u>
David Marshall	Mayor	Clyde C. Scott Insurance Agency	\$ 50,000
Brenda Harper	Clerk	Harthcock Insurance and Realty	\$ 50,000
Pam Joyner	Deputy Clerk	Harthcock Insurance and Realty	\$ 50,000
	Part-time Deputy Clerk	Harthcock Insurance and Realty	\$ 50,000
Joedy Pennington	Police Chief	Harthcock Insurance and Realty	\$ 50,000
Clay Garvin	Assistant Police Chief	The Policy Center	\$ 50,000
	Aldermen	Clyde C. Scott Insurance Agency	\$ 50,000

Note - In addition to the Surety Bond Coverage detailed above, all employees are covered under a \$100,000 Honesty Blanket Bond.

See accompanying notes and accountant's report.

TOWN OF DECATUR, MISSISSIPPI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures
U. S. Department of Defense: Passed through U.S. Army Corps of Engineers Section 592 Mississippi Environmental Infrastructure Assistance Program - ARRA	12.124		<u>\$ 816,450</u>
Total U.S. Department of Defense			<u>816,450</u>
U. S. Department of Housing and Urban Development: Passed through Mississippi Development Authority Community Development Block Grant: 2015 Water System Improvements	14.228	1132-15-163-PF-01	<u>416,765</u>
Total U.S. Department of Housing and Urban Development			<u>416,765</u>
U. S. Department of Justice: Passed through Mississippi Department of Public Safety Edward Byrne Memorial Justice Assistance Grant Program	16.738	15LB2671	<u>2,792</u>
Total U.S. Department of Justice			<u>2,792</u>
U.S. Department of Agriculture: Passed through Mississippi Forestry Commission Firewise Grant			<u>2,476</u>
Total U.S. Department of Agriculture			<u>2,476</u>
			<u><u>\$ 1,238,483</u></u>

Notes to Schedule

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the financial statements.

**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 Board of Aldermen
Town of Decatur, Mississippi

We have audited, in accordance with the 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 statement of the governmental activities, business - type activities, and each major fund of the Town of Decatur, Mississippi as of and for the year ended September 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated January 24, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Town of Decatur, 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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Town of Decatur, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Decatur, 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statement 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2017-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Decatur, Mississippi's financial statement is 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*.

The Town of Decatur, Mississippi's Response to Findings

The Town of Decatur, Mississippi's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Decatur, Mississippi's response was not subjected to the auditing procedures applied in the the audit of the financial statements and, accordingly, we express no opinion on it.

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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Price & Co.

Price & Co.

Forest, Mississippi
January 24, 2018

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and Board of Aldermen
Town of Decatur, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the Town of Decatur, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Decatur, Mississippi's major federal programs for the year ended September 30, 2017. The Town of Decatur, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Decatur, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we 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 Town of Decatur, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Decatur, Mississippi's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Decatur, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

Report on Internal Control Over Compliance

Management of the Town of Decatur, Mississippi is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Decatur, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Decatur, Mississippi's internal control over compliance.

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

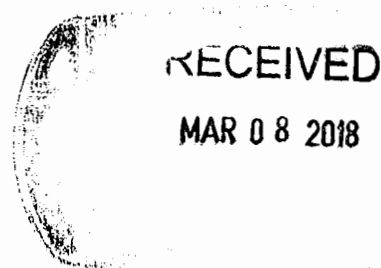
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Price & Co.

Price & Co.

Forest, Mississippi
January 24, 2018



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

Honorable Mayor and Board of Aldermen
Town of Decatur, Mississippi

We have audited the combined statement of cash receipts and disbursements (all funds) of the Town of Decatur, Mississippi for the year ended September 30, 2017, and have issued our report dated January 24, 2018. 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 statement disclosed the following material instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses are as follows:

1. Finding: Fixed assets were not tagged and accounted for.
Recommendation: Fixed assets should be tagged and accounted for.
Response: Fixed assets will be tagged and accounted for.
2. Finding: The budget for Contractural Services in the Police Department was exceeded by \$1,013. Payments for insurance coverage for 10/1/16-9/30/17 and 10/1/17-9/30/18 were made in the same fiscal year, causing the excess.
Recommendation: The budget should be closely monitored each month.
Response: The budget will be closely monitored each month.

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.

Price & Co.

Price & Co.
Forest, Mississippi

January 24, 2018

TOWN OF DECATUR, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2017

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statement of the Town of Decatur, Mississippi was prepared in accordance with the cash basis of accounting.
2. One material weakness disclosed during the audit of the financial statements is reported in the "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*". No significant deficiencies are reported.
3. No instances of noncompliance material to the financial statements of the Town of Decatur, Mississippi were disclosed during the audit.
4. No material weaknesses or significant deficiencies in internal control over major federal award programs disclosed during the audit are reported in the "report on compliance for each major program and on internal control over compliance required by the Uniform Guidance".
5. The auditor's report on compliance for the major federal award programs for the Town of Decatur, Mississippi expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The program tested as major programs was: U.S. Department of Defense, Section 592 Mississippi Environmental Infrastructure Program - ARRA-CFDA #12.124
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Town of Decatur, Mississippi was determined not to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCY/MATERIAL WEAKNESS

2017-001 Internal Control

Condition: No segregation of duties exists in the cash receipts, cash disbursements, billing, posting of transactions, and bank reconciliation functions.

TOWN OF DECATUR, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2017

Criteria: Adequate segregation of accounting duties provides reasonable assurance that unauthorized transactions are not occurring.

Cause: One person controls all of the accounting functions.

Effect: Without an adequate segregation of accounting duties, unauthorized transactions could occur.

Recommendation: Financial activities should be closely monitored.

Views of Responsible Officials and Planned Corrective Actions: The Organization agrees with the finding, and does not believe it is cost effective to hire enough accounting personnel to achieve an adequate segregation of accounting duties. The Mayor and board of aldermen closely monitor financial activities.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

The results of our tests did not disclose any findings or questioned costs relating to the federal award.

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