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Elvis Hudson  
Mayor

Lisa Lindley  
Vice-Mayor

Alderman  
Stacy M. Blalock  
Wilson Christian  
Rita Rawson  
Tammy Young



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Shirley Durden  
Town Clerk

November 29, 2018

To whom it may concern.

REF: Audit for fiscal 2017

The Town of Marion audit has been completed by Walker & Company CPAs, P.C. This is the audited financial statement and Special reports for the fiscal year October 1, 2016-September 30, 2017.

Thank you,

Shirley Durden (Town Clerk)

DEC 07 2018

**TOWN OF MARION, MISSISSIPPI**  
**AUDITED FINANCIAL STATEMENTS**  
**AND**  
**SPECIAL REPORTS**  
**SEPTEMBER 30, 2017**

**WALKER & COMPANY CPAs, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**FLOWOOD, MISSISSIPPI**

# TOWN OF MARION, MISSISSIPPI

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# Walker & Company CPAs, P.C.

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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 the aggregate remaining fund information of the Town of Marion, Mississippi, as of and for the year ended September 30, 2017, 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 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 presentation 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 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.



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## Opinion

In our opinion, the financial statements referred to above presents 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, 2017, 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 comprehensive 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 schedule 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*

The Town of Marion has omitted the management's discussion and analysis that the cash basis of accounting 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 an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Marion, Mississippi's basic financial statements. The schedules of investments, long-term debt, and surety bonds for municipal officials, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

*Walther & Company CPA's, P.C.*  
Flowood, Mississippi  
November 13, 2018

TOWN OF MARION, MISSISSIPPI  
STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2017

Functions / Programs	Program Cash Receipts				Net Receipts (Disbursements) and Changes in Net Position		
	Cash Disbursements	Charges for Services	Operating Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 251,671	\$ -	\$ -	\$ -	\$ (251,671)	\$ -	\$ (251,671)
Court	43,060	-	-	-	(43,060)	-	(43,060)
Public safety	341,525	-	-	-	(341,525)	-	(341,525)
Public services	99,218	-	-	-	(99,218)	-	(99,218)
Principal and interest	10,276	-	-	-	(10,276)	-	(10,276)
Total governmental activities	745,750	-	-	-	(745,750)	-	(745,750)
Business-type activities:							
Water and sewer	433,284	606,563	-	-	-	173,279	173,279
Sanitation	81,395	55,531	-	-	-	(25,864)	(25,864)
Principal and interest	160,184	-	-	-	-	(160,184)	(160,184)
Total business-type activities	674,863	662,094	-	-	-	(12,769)	(12,769)
Total functions / programs	\$ 1,420,613	\$ 662,094	\$ -	\$ -	(745,750)	(12,769)	(758,519)
General receipts and transfers:							
Taxes:							
Property tax					391,885	33,282	425,167
Sales tax					231,276	-	231,276
Franchise tax					64,448	-	64,448
Alcoholic beverage tax					1,800	-	1,800
Municipal aid					738	-	738
Gasoline tax					4,159	-	4,159
Fire insurance rebate					8,281	-	8,281
Interest income					902	251	1,153
Loan proceeds					-	20,969	20,969
Other					27,955	8,641	36,596
Transfers					8,259	(8,259)	-
Total general receipts and transfers					739,703	54,884	794,587
Change in net position					(6,047)	42,115	36,068
Net position - cash basis, beginning of year					477,414	399,091	876,505
Net position - cash basis, end of year					\$ 471,367	\$ 441,206	\$ 912,573

The accompanying notes 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, 2017

	Governmental Activities		Business-type Activities		Total
	General Fund	Fire Fund	Water Fund	Sanitation Fund	Governmental Funds
<b>RECEIPTS</b>					
General property taxes	\$ 379,429	\$ 12,456	\$ -	\$ 33,282	\$ 425,167
Licenses and permits	12,786	-	-	-	12,786
Franchise tax on utilities	64,448	-	-	-	64,448
Intergovernmental revenues:					
State shared revenues:					
Sales tax	231,276	-	-	-	231,276
Gasoline tax	4,159	-	-	-	4,159
Alcoholic beverage licenses	1,800	-	-	-	1,800
Municipal aid	738	-	-	-	738
Fire insurance premium distribution	-	8,281	-	-	8,281
Charges for services:					
Sanitation	-	-	-	55,531	55,531
Water and sewer	-	-	606,563	-	606,563
Fines and forfeits	12,932	-	-	-	12,932
Interest	872	30	169	82	1,153
Miscellaneous	920	1,317	8,641	-	10,878
Total receipts	709,360	22,084	615,373	88,895	1,435,712
<b>DISBURSEMENTS</b>					
General government	251,671	-	-	-	251,671
Court	43,060	-	-	-	43,060
Public safety	305,086	17,642	-	-	322,728
Public services	99,218	-	-	-	99,218
Enterprise:					
Water and sewer	-	-	402,617	-	402,617
Sanitation	-	-	-	81,395	81,395
Redemption of principal	8,585	-	129,470	-	138,055
Debt service interest	1,691	-	30,714	-	32,405
Total disbursements	709,311	17,642	562,801	81,395	1,371,149

The accompanying notes 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, 2017

	Governmental Activities		Business-type Activities		Total
	General Fund	Fire Fund	Water Fund	Sanitation Fund	Governmental Funds
Excess of receipts over disbursements	49	4,442	52,572	7,500	64,563
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from issuance of debt	-	-	20,969	-	20,969
Capital outlay	(10,236)	(8,561)	(30,667)	-	(49,464)
Transfers in (out)	4,981	3,278	(8,259)	-	-
Total other financial uses	(5,255)	(5,283)	(17,957)	-	(28,495)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(5,206)	(841)	34,615	7,500	36,068
Cash basis fund balance - beginning of year	456,605	20,809	346,856	52,235	876,505
Cash basis fund balance - end of year	<u>\$ 451,399</u>	<u>\$ 19,968</u>	<u>\$ 381,471</u>	<u>\$ 59,735</u>	<u>\$ 912,573</u>
Cash basis assets - end of year:					
Cash and cash equivalents	<u>\$ 451,399</u>	<u>\$ 19,968</u>	<u>\$ 381,471</u>	<u>\$ 59,735</u>	<u>\$ 912,573</u>
Total cash basis assets	<u>\$ 451,399</u>	<u>\$ 19,968</u>	<u>\$ 381,471</u>	<u>\$ 59,735</u>	<u>\$ 912,573</u>
Cash basis fund balances - end of year					
Unassigned	<u>\$ 451,399</u>	<u>\$ 19,968</u>	<u>\$ 381,471</u>	<u>\$ 59,735</u>	<u>\$ 912,573</u>
Total cash basis fund balances	<u>\$ 451,399</u>	<u>\$ 19,968</u>	<u>\$ 381,471</u>	<u>\$ 59,735</u>	<u>\$ 912,573</u>

The accompanying notes are an integral part of this statement.

6-27-2018

TOWN OF MARION, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

**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 statement and the governmental fund financial statement 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, 2017

**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 – 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.

TOWN OF MARION, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

As of September 30, 2017, the carrying amount of the Town's cash and certificate of deposit was \$852,272 and \$60,301, respectively. The bank balance was \$874,221 and \$60,301, respectively. The difference of \$21,949 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, 2017, \$684,522 of the Town's bank balance of \$934,522 was exposed to custodial credit risk as follows:

Collateralized by the State Public Funds Guaranty Pool    \$ 684,522

*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 3 – PROPERTY TAX

Property taxes for fiscal year 2017 were levied in September 2016 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 2017 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 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).

*Funding Policy* - PERS members are required to contribute 9% 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, 2017, 2016 and 2015 were \$59,012, \$56,493, and \$48,993, respectively, which is the required contribution for each year.

### NOTE 5 – RISK ASSESSMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The Town carries commercial insurance for risks of loss other than workers' compensation and liability. Settled claims resulting from these commercially covered risks have not exceeded commercial coverage in any of the past three fiscal years.

TOWN OF MARION, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

**NOTE 6 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 13, 2018, the date which the financial statements were available to be issued and noted no matters requiring adjustment to or disclosure in the financial statements.

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TOWN OF MARION, MISSISSIPPI  
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
(NON-GAAP BASIS) - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Final Budget and Actual Favorable (Unfavorable)
<b>RECEIPTS</b>				
Property taxes	\$ 340,000	\$ 340,000	\$ 392,215	\$ 52,215
Licenses and permits	77,500	77,500	64,448	(13,052)
Federal grants	165,000	-	-	-
State grants	8,500	12,000	-	(12,000)
State shared	235,000	237,000	237,973	973
Other	28,635	28,635	14,724	(13,911)
Total receipts	<u>854,635</u>	<u>695,135</u>	<u>709,360</u>	<u>14,225</u>
<b>EXPENDITURES</b>				
General government	258,571	259,075	251,671	7,404
Court	46,185	46,374	43,060	3,314
Public safety	302,172	315,272	305,086	10,186
Public services	93,464	99,572	99,218	354
Total expenditures	<u>700,392</u>	<u>720,293</u>	<u>699,035</u>	<u>21,258</u>
Excess if receipts over (under) expenditures	<u>154,243</u>	<u>(25,158)</u>	<u>10,325</u>	<u>35,483</u>
<b>OTHER CASH SOURCES (USES)</b>				
Capital outlay	(5,622)	(5,622)	(10,236)	(4,614)
Debt service	(23,145)	(23,145)	-	23,145
Proceeds from issuance of debt	-	-	(10,276)	(10,276)
Transfers in (out)	1,574	1,574	4,981	(3,407)
Total other cash sources (uses)	<u>(27,193)</u>	<u>(27,193)</u>	<u>(15,531)</u>	<u>(3,407)</u>
Net change in fund balance - cash basis	<u>\$ 127,050</u>	<u>\$ (52,351)</u>	<u>\$ (5,206)</u>	<u>\$ 38,890</u>
Fund balance - cash basis, beginning of year			<u>456,605</u>	
Fund balance - cash basis, end of year			<u>\$ 451,399</u>	

The accompanying notes are an integral part of this statement.

TOWN OF MARION, MISSISSIPPI  
SCHEDULE OF INVESTMENTS  
YEAR ENDED SEPTEMBER 30, 2017

Investment	Fund	Balance Per General Ledger
Certificate of Deposit, .25%, dated July 23, 2017, matures July 23, 2018	Water & Sewer Fund	\$ 60,301

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TOWN OF MARION, MISSISSIPPI  
SCHEDULE OF LONG-TERM DEBT  
YEAR ENDED SEPTEMBER 30, 2017

	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Balance Outstanding 10/1/2016</u>	<u>Issued in Fiscal Year 2017</u>	<u>Redeemed in Fiscal Year 2017</u>	<u>Balance Outstanding 9/30/2017</u>
<b>Governmental Activities:</b>						
BancorpSouth Equipment Finance	2.45%	4/2020	\$ 30,991	\$ -	\$ 8,585	\$ 22,406
<b>Business-type Activities:</b>						
State of Mississippi - Drinking Water Systems Systems Improvement Revolving Loan	4.00%	7/2020	199,843	-	52,133	147,710
Mississippi Development Authority - Sewer Improvement Loan	2.00%	9/2029	309,167	-	24,376	284,791
US Department of Agriculture Rural Development Loan	2.125%	4/2050	1,310,809	-	27,541	1,283,268
BancorpSouth Equipment Finance	2.45%	5/2020	90,981	-	24,594	66,387
BancorpSouth Equipment Finance	2.85%	8/2021	-	20,969	826	20,143
<b>Total</b>			<u>\$ 1,941,791</u>	<u>\$ 20,969</u>	<u>\$ 138,055</u>	<u>\$ 1,824,705</u>



TOWN OF MARION, MISSISSIPPI  
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS  
YEAR ENDED SEPTEMBER 30, 2017

Position	Company	Amount
Mayor	Municipal Program	\$ 100,000
Aldermen (5 @ \$50,000 each)	Municipal Program	\$ 250,000
City Clerk	Travelers	\$ 100,000
Court Clerk	Travelers	\$ 50,000
Deputy Clerks (3 @ \$50,000 each)	Travelers	\$ 150,000
Chief of Police	Travelers	\$ 50,000
Police Officers (29 @ \$25,000 each)	Travelers	\$ 725,000
Water Operator	Travelers	\$ 50,000

DEC 07 2018

# Walker & Company CPAs, P.C.

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

Honorable Mayor and 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, 2017, and have issued our report dated November 13, 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 Mississippi 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 instances of noncompliance with state laws and regulations. Our findings and recommendations and the Town's responses are as follows:

**Finding 2017-1 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 2017-2 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.



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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 have implemented procedures to comply with depositories requirements for fiscal year 2018.

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.

*Walton & Company CPA's, P.C.*  
Flowood, Mississippi  
November 13, 2018

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