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**TOWN OF MARION, MISSISSIPPI**  
**FINANCIAL STATEMENT AND**  
**SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2006**

## CONTENTS

	Page
<b>FINANCIAL STATEMENT</b>	
Independent Accountants' Report	1
Combined Statement of Cash Receipts and Disbursements – All Funds	2-5
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule 1 - Schedule of Investments – All Funds	6
Schedule 2 - Schedule of Surety Bonds for Town Officials	7
Schedule 3 - Schedule of Long-Term Debt	8
Schedule 4 - Schedule of Cash, Interfund Activity, and Liabilities – All Funds	9
<b>INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED UPON PROCEDURES</b>	10-12



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**INDEPENDENT ACCOUNTANTS' REPORT**

HONORABLE MAYOR AND BOARD OF ALDERMEN  
TOWN OF MARION  
MARION MISSISSIPPI

We have compiled the accompanying Combined Statement of Cash Receipts and Disbursements – All Funds of the Town of Marion, Mississippi, for the year ended September 30, 2006, and the accompanying supplementary information contained in Schedules 1 through 4, which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representation of management. We have not audited or reviewed the accompanying Combined Statement of Cash Receipts and Disbursements – All Funds and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.

The Town's policy is to prepare its financial statement on the basis of cash receipts and disbursements; consequently, certain revenue is recognized when received rather than when measurable and available, and certain expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the Combined Statement of Cash Receipts and Disbursements – All Funds is not intended to present results of operations, in conformity with generally accepted accounting principles.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the cash basis of accounting. If the omitted disclosures were included, they might influence the user's conclusions about the town's cash receipts and disbursements. Accordingly, the financial statement is not designed for those who are not informed about such matters.

*Rea, Shaw, Giffin & Stuart*

REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi  
May 9, 2007

**TOWN OF MARION, MISSISSIPPI**  
**COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS – ALL FUNDS**  
 For the Year Ended September 30, 2006

	Governmental Funds			Proprietary Funds			Totals	
	General Fund	Fire Fund	Water/ Sewer Fund	Sanitation Fund	(Memorandum Only) 2006	2005		
<b>REVENUE RECEIPTS</b>								
General property taxes	\$ 190,763	\$ 6,492	\$ -	\$ 18,063	\$ 215,318	\$ 194,930		
Licenses and permits	55,619	-	-	-	55,619	50,046		
Intergovernmental revenues:								
HOME grant	18,375	-	-	-	18,375	14,157		
Homeland security grant	4,064	3,695	-	-	7,759	8,178		
Law enforcement grant	1,607	-	-	-	1,607	1,620		
ADDI grant	10,000	-	-	-	10,000	-		
Emergency grant	-	-	71,500	-	71,500	-		
State shared revenues:								
Sales tax	211,454	-	-	-	211,454	179,390		
Gasoline tax	3,344	-	-	-	3,344	3,344		
Fire ins. premium tax distr.	-	6,637	-	-	6,637	6,148		
Alcoholic beverage tax	900	-	-	-	900	-		
Municipal aid	680	-	-	-	680	680		
Homestead reimbursement	7,966	270	-	755	8,991	7,719		
Fines and forfeits	22,382	-	-	-	22,382	23,753		
Interest income	1,050	76	3,410	287	4,823	3,532		
Miscellaneous	33,178	7,875	13,989	-	55,042	25,631		
Charges for services:								
Water sales	-	-	230,173	-	230,173	219,556		
Sewer charges	-	-	304,424	-	304,424	293,593		
Surcharge	-	-	11,495	-	11,495	11,068		
Garbage collection	-	-	-	30,118	30,118	32,884		
<b>Total revenue receipts</b>	<b>\$ 561,382</b>	<b>\$ 25,045</b>	<b>\$ 634,991</b>	<b>\$ 49,223</b>	<b>\$ 1,270,641</b>	<b>\$ 1,076,229</b>		
<b>OTHER RECEIPTS</b>								
Contributions	\$ 1,055	\$ 1,709	\$ -	\$ -	\$ 2,764	\$ 1,697		
Lauderdale County contribution	-	-	-	-	-	3,000		
FEMA/MEMA refund	-	-	592	-	592	2,606		
Transfers or loans from other funds	-	3,961	30,000	-	33,961	23,557		
<b>Total other receipts</b>	<b>\$ 1,055</b>	<b>\$ 5,670</b>	<b>\$ 30,592</b>	<b>\$ -</b>	<b>\$ 37,317</b>	<b>\$ 30,860</b>		
<b>TOTAL RECEIPTS</b>	<b>\$ 562,437</b>	<b>\$ 30,715</b>	<b>\$ 665,583</b>	<b>\$ 49,223</b>	<b>\$ 1,307,958</b>	<b>\$ 1,107,089</b>		
Cash balance - beginning of year (includes CD's and petty cash)	80,349	12,674	281,006	37,375	411,404	366,318		
<b>TOTAL AMOUNT TO ACCOUNT FOR</b>	<b>\$ 642,786</b>	<b>\$ 43,389</b>	<b>\$ 946,589</b>	<b>\$ 86,598</b>	<b>\$ 1,719,362</b>	<b>\$ 1,473,407</b>		

**TOWN OF MARION, MISSISSIPPI**  
**COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS – ALL FUNDS (continued)**  
For the Year Ended September 30, 2006

	Governmental Funds			Proprietary Funds		Totals	
	General Fund	Fire Fund	Water/Sewer Fund	Sanitation Fund	(Memorandum Only) 2006	2005	
<b>OPERATING DISBURSEMENTS</b>							
General government:							
Executive and financial:							
Salaries and employee benefits	\$ 93,488	\$ -	\$ -	\$ -	\$ 93,488	\$ 88,937	
Office supplies	4,302	-	-	-	4,302	4,251	
Operating supplies	2,589	-	-	-	2,589	3,198	
Professional services	28,205	-	-	-	28,205	16,217	
Communication	3,779	-	-	-	3,779	5,111	
Utilities	5,042	-	-	-	5,042	3,831	
Miscellaneous	7,409	-	-	-	7,409	8,360	
EMBDC contribution	2,115	-	-	-	2,115	1,794	
Other operating expenses	100	-	-	-	100	2,104	
<b>Total executive and financial</b>	<b>\$ 147,029</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 147,029</b>	<b>\$ 133,803</b>	
Court:							
Salaries and employee benefits	\$ 9,344	\$ -	\$ -	\$ -	\$ 9,344	\$ 9,528	
Office supplies	991	-	-	-	991	495	
Communication	356	-	-	-	356	326	
Other operating expenses	60	-	-	-	60	60	
<b>Total court</b>	<b>\$ 10,751</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,751</b>	<b>\$ 10,409</b>	
Building department:							
Salaries and employee benefits	\$ 9,320	\$ -	\$ -	\$ -	\$ 9,320	\$ 32,285	
Office supplies	239	-	-	-	239	598	
Operating supplies	286	-	-	-	286	569	
Communication	39	-	-	-	39	165	
Insurance	1,756	-	-	-	1,756	1,795	
Repairs and maintenance	-	-	-	-	-	397	
Other operating expenses	100	-	-	-	100	407	
<b>Total building department</b>	<b>\$ 11,740</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,740</b>	<b>\$ 36,216</b>	
<b>Total general government</b>	<b>\$ 169,520</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 169,520</b>	<b>\$ 180,428</b>	

**TOWN OF MARION, MISSISSIPPI**  
**COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS – ALL FUNDS (continued)**  
For the Year Ended September 30, 2006

	Governmental Funds			Proprietary Funds		Totals	
	General Fund	Fire Fund	Water/Sewer Fund	Sanitation Fund	(Memorandum Only) 2006	2005	
<b>Public safety:</b>							
<b>Police:</b>							
Salaries and employee benefits	\$ 148,227	\$ -	\$ -	\$ -	\$ 148,227	\$ 159,561	
Office supplies	1,408	-	-	-	1,408	679	
Operating supplies	21,359	-	-	-	21,359	14,627	
Communication	2,481	-	-	-	2,481	2,013	
Insurance	7,671	-	-	-	7,671	8,265	
Repairs and maintenance	10,748	-	-	-	10,748	9,340	
Other operating expenses	4,799	-	-	-	4,799	7,475	
<b>Total police</b>	<b>\$ 196,693</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 196,693</b>	<b>\$ 201,960</b>	
<b>Fire:</b>							
Fire chief	\$ -	\$ 1,800	\$ -	\$ -	\$ 1,800	\$ 1,800	
Office supplies	-	38	-	-	38	75	
Operating supplies	-	1,134	-	-	1,134	753	
Utilities	-	2,750	-	-	2,750	1,174	
Insurance	-	5,861	-	-	5,861	6,259	
Repairs and maintenance	-	2,646	-	-	2,646	3,067	
Other operating expenses	-	1,076	-	-	1,076	508	
<b>Total fire</b>	<b>\$ -</b>	<b>\$ 15,305</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,305</b>	<b>\$ 13,636</b>	
<b>Total public safety</b>	<b>\$ 196,693</b>	<b>\$ 15,305</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 211,998</b>	<b>\$ 215,596</b>	
<b>Public works:</b>							
<b>Street department:</b>							
Salaries and employee benefits	\$ 10,758	\$ -	\$ -	\$ -	\$ 10,758	\$ 9,460	
Operating supplies	1,396	-	-	-	1,396	1,072	
Insurance	979	-	-	-	979	962	
Utilities	17,816	-	-	-	17,816	15,835	
Repairs and maintenance	627	-	-	-	627	243	
Other operating expenses	546	-	-	-	546	1,102	
<b>Total street department</b>	<b>\$ 32,122</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 32,122</b>	<b>\$ 28,674</b>	
<b>Total public works</b>	<b>\$ 32,122</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 32,122</b>	<b>\$ 28,674</b>	

**TOWN OF MARION, MISSISSIPPI**  
**COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS – ALL FUNDS (continued)**  
 For the Year Ended September 30, 2006

	Governmental Funds			Proprietary Funds		Totals	
	General Fund	Fire Fund	Water/ Sewer Fund	Sanitation Fund	(Memorandum Only) 2006	(Memorandum Only) 2005	
<b>Enterprise:</b>							
Water and sewer utility:							
Salaries and employee benefits	\$ -	\$ -	\$ 83,642	\$ -	\$ 83,642	\$ 79,301	
Office supplies	-	-	4,508	-	4,508	3,529	
Operating supplies	-	-	32,933	-	32,933	26,312	
Sewer treatment	-	-	143,774	-	143,774	125,178	
Repairs and maintenance	-	-	67,179	-	67,179	45,114	
Professional services	-	-	21,332	-	21,332	12,286	
Communication	-	-	7,431	-	7,431	7,174	
Insurance	-	-	11,972	-	11,972	10,937	
Utilities	-	-	36,055	-	36,055	35,617	
Sales tax	-	-	5,023	-	5,023	5,907	
Miscellaneous	-	-	4,254	-	4,254	2,445	
<b>Total water and sewer utility</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 418,103</b>	<b>\$ -</b>	<b>\$ 418,103</b>	<b>\$ 353,800</b>	
<b>Sanitation:</b>							
Contract service	\$ -	\$ -	\$ -	\$ 50,168	\$ 50,168	\$ 45,236	
<b>Total sanitation</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 50,168</b>	<b>\$ 50,168</b>	<b>\$ 45,236</b>	
<b>Total enterprise</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 418,103</b>	<b>\$ 50,168</b>	<b>\$ 468,271</b>	<b>\$ 399,036</b>	
<b>Total operating disbursements</b>	<b>\$ 398,335</b>	<b>\$ 15,305</b>	<b>\$ 418,103</b>	<b>\$ 50,168</b>	<b>\$ 881,911</b>	<b>\$ 823,734</b>	
<b>OTHER DISBURSEMENTS AND TRANSFERS</b>							
Capital outlay - equipment, vehicles and land	\$ 31,817	\$ 9,784	\$ 5,472	\$ -	\$ 47,073	\$ 48,994	
Capital outlay - HOME improvements	18,734	-	-	-	18,734	14,290	
Capital outlay - ADDI payments	10,359	-	-	-	10,359	-	
Capital outlay - computer software	5,404	-	-	-	5,404	436	
Capital outlay - town hall improvements	767	-	-	-	767	293	
Loans repaid and interest	7,651	-	234,871	-	242,522	147,819	
FEMA flood/hurricane repair	-	-	592	-	592	2,880	
Transfers or loans to other funds	33,961	-	-	-	33,961	23,557	
<b>Total other disbursements and transfers</b>	<b>\$ 108,693</b>	<b>\$ 9,784</b>	<b>\$ 240,935</b>	<b>\$ -</b>	<b>\$ 359,412</b>	<b>\$ 238,269</b>	
<b>TOTAL DISBURSEMENTS AND TRANSFERS</b>	<b>\$ 507,028</b>	<b>\$ 25,089</b>	<b>\$ 659,038</b>	<b>\$ 50,168</b>	<b>\$ 1,241,323</b>	<b>\$ 1,062,003</b>	
Cash balance - end of year (includes CD's and petty cash)	135,758	18,300	287,551	36,430	478,039	411,404	
<b>TOTAL AMOUNT ACCOUNTED FOR</b>	<b>\$ 642,786</b>	<b>\$ 43,389</b>	<b>\$ 946,589</b>	<b>\$ 86,598</b>	<b>\$ 1,719,362</b>	<b>\$ 1,473,407</b>	

**SUPPLEMENTARY INFORMATION**

**TOWN OF MARION, MISSISSIPPI**  
**SCHEDULE OF INVESTMENTS – ALL FUNDS**  
September 30, 2006

Water and Sewer Fund

2.77% Certificate of Deposit #0110228780 dated January 11, 2006; due January 11, 2007	\$ 23,900
1.99% Certificate of Deposit #0110228779 dated January 7, 2005; due January 7, 2007	52,407
2.77% Certificate of Deposit #0110228778 dated January 7, 2006; due January 7, 2007	62,336
2.78% Certificate of Deposit #1140001305 dated May 15, 2006; due January 11, 2007	<u>10,281</u>
Total Investments	<u>\$ 148,924</u>

**TOWN OF MARION, MISSISSIPPI**  
**SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS**  
September 30, 2006

Position	Company	Bond
Mayor	Western Surety	\$ 135,000
Aldermen (5 @ \$12,000 each)	MMA Liability	\$ 60,000
Town Clerk	Western Surety	\$ 135,000
Chief of Police	Western Surety	\$ 50,000
Policemen (6 @ \$25,000 each)	Western Surety	\$ 150,000
Deputy Clerk	Western Surety	\$ 25,000
Water Superintendent	Western Surety	\$ 10,000
All Other Employees (each employee)	Western Surety	\$ 5,000

## TOWN OF MARION, MISSISSIPPI

**SCHEDULE OF LONG-TERM DEBT**  
 For Year Ended September 30, 2006

	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Balance Outstanding 10/1/2005</u>	<u>Transactions During Fiscal Year 2006</u>		<u>Balance Outstanding 9/30/2006</u>
				<u>Issued</u>	<u>Redeemed</u>	
<b>Governmental Activities:</b>						
<i>A. Other Loans:</i>						
NONE	N/A	N/A	\$ -	\$ -	\$ -	\$ -
<i>B. Capital Leases:</i>						
2005 Crown Victoria	5.05%	10/2007	15,100	-	7,051	8,049
<b>Business-type Activities:</b>						
<i>A. Other Loans:</i>						
Revenue Bonds, Town of Marion, Combined Water and Sewer System Revenue Bond (GMAC)	5.00%	12/2013	219,294	-	32,091	187,203
State of Mississippi - Drinking Water Systems Improv. Revolving Loan	4.00%	7/2020	582,548	-	29,365	553,183
Note Payable to Griner Drilling Service, Inc.	7.00%	12/2006	98,625	-	67,620	31,005
<i>B. Capital Leases:</i>						
2005 Ford Ranger	5.70%	3/2008	9,347	-	3,580	5,767
			<u>\$ 924,914</u>	<u>\$ -</u>	<u>\$ 139,707</u>	<u>\$ 785,207</u>

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 98,771	\$ 38,689
2008	60,419	36,655
2009	59,103	35,318
2010	60,952	33,469
2011	62,355	32,066
2012 - 2016	258,618	90,147
2017 - 2021	184,989	14,854
Total	<u>\$ 785,207</u>	<u>\$ 281,198</u>

TOWN OF MARION, MISSISSIPPI

SCHEDULE OF CASH, INTERFUND ACTIVITY, AND LIABILITIES – ALL FUNDS

For Year Ended September 30, 2006

	Governmental Funds			Proprietary Funds			Total (Memorandum Only) 2005
	General Fund	Fire Fund	Water/ Sewer Fund	Sanitation Fund	2006	2005	
<b>CASH</b>							
Unrestricted cash	\$ 132,613	\$ 18,300	\$ 192,852	\$ 36,430	\$ 380,195	\$ 316,036	
Restricted cash	3,145	-	94,699	-	97,844	95,368	
<b>Total cash</b>	<u>\$ 135,758</u>	<u>\$ 18,300</u>	<u>\$ 287,551</u>	<u>\$ 36,430</u>	<u>\$ 478,039</u>	<u>\$ 411,404</u>	
<b>INTERFUND ACTIVITY</b>							
Due from other funds	\$ -	\$ -	\$ 92,134	\$ -	\$ 92,134	\$ 122,134	
Due to other funds	(92,134)	-	-	-	(92,134)	(122,134)	
<b>Total interfund activity</b>	<u>\$ (92,134)</u>	<u>\$ -</u>	<u>\$ 92,134</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>LIABILITIES</b>							
Customer connection fees	\$ -	\$ -	\$ (37,879)	\$ -	\$ (37,879)	\$ (37,520)	
Lease purchase - 2005 Crown Victoria	(8,049)	-	-	-	(8,049)	(15,100)	
Lease purchase - 2005 Ford Ranger	-	-	(5,767)	-	(5,767)	(9,347)	
N/P - State of MS drinking water loan	-	-	(553,183)	-	(553,183)	(582,548)	
N/P - GMAC water/sewer revenue bond	-	-	(187,203)	-	(187,203)	(219,294)	
N/P - Griner Drilling Service, Inc.	-	-	(31,005)	-	(31,005)	(98,625)	
<b>Total liabilities</b>	<u>\$ (8,049)</u>	<u>\$ -</u>	<u>\$ (815,037)</u>	<u>\$ -</u>	<u>\$ (823,086)</u>	<u>\$ (962,434)</u>	



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**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

HONORABLE MAYOR AND BOARD OF ALDERMEN  
TOWN OF MARION  
MARION MISSISSIPPI

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Marion, Mississippi as of September 30, 2006, and for the year then ended, as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Miss. Code Ann. (1972). This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- A. We reconciled cash on deposit with the following banks to balances in the respective general ledger accounts and obtained confirmation of the related balances from the banks. The balances below include \$250 of petty cash.

<u>Bank</u>	<u>Fund</u>	<u>Balance per General Ledger</u>
Citizens National Bank	General Fund	<u>\$ 135,758</u>
Citizens National Bank	Fire Fund	<u>\$ 18,300</u>
Citizens National Bank	Water and sewer Fund	<u>\$ 138,627</u>
Citizens National Bank	Sanitation Fund	<u>\$ 36,430</u>

B. We physically examined the securities held for investment. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972).

<u>Security</u>	<u>Fund</u>	<u>General Ledger Cost</u>
Certificates of Deposit	Water and Sewer	<u>\$ 148,924</u>

C. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:

1. Verified the use of certified county assessment rolls and traced levies to governing body minutes;
2. Examined uncollected taxes for proper handling, including tax sales;
3. Traced distribution of taxes collected to proper funds; and
4. Analyzed the increase in taxes for the most recent period for compliance with increase limitations found in Sections 27-39-320 to 27-39-323, Miss Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, and uncollected taxes were determined to be properly handled.

Ad valorem tax collections were found to be within the limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

D. We obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated were traced to deposit in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>Ledger Amount</u>
Sales tax allocation	General Fund	\$ 159,322
Homeland security	General Fund	4,064
Homeland security	Fire Fund	3,695
Emergency management funds	General Fund	3,647
Emergency management funds	Fire Fund	7,519
Emergency management funds	Water and Sewer Fund	5,521
Law enforcement grant	General Fund	1,607
Municipal aid	General Fund	680
Homestead exemption reimbursement	General Fund	7,967
Homestead exemption reimbursement	Fire Fund	270
Homestead exemption reimbursement	Sanitation Fund	755
Fire insurance rebate	Fire Fund	6,636
Gasoline tax	General Fund	3,344
Alcoholic beverage tax	General Fund	900

- E. We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code Ann. (1972), as applicable.

The sample consisted of the following:

Number of sample items	25
Dollar value of sample	\$ 75,390

We found the municipality's purchasing procedures to be in agreement with the requirements of the above mentioned sections.

- F. We have read the Municipal Compliance Questionnaire completed by the municipality. The completed survey indicated no instances of noncompliance with state requirements.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the specific accounts or classes of transactions referred to above. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the governing body of the Town of Marion, Mississippi, and the Office of the State Auditor and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

This report should not be associated with the financial statements of the Town of Marion, Mississippi for the year ended September 30, 2006.

*Rea, Shaw, Giffin & Stuart*

REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi  
May 9, 2007

REA, SHAW, GIFFIN & STUART, LLP