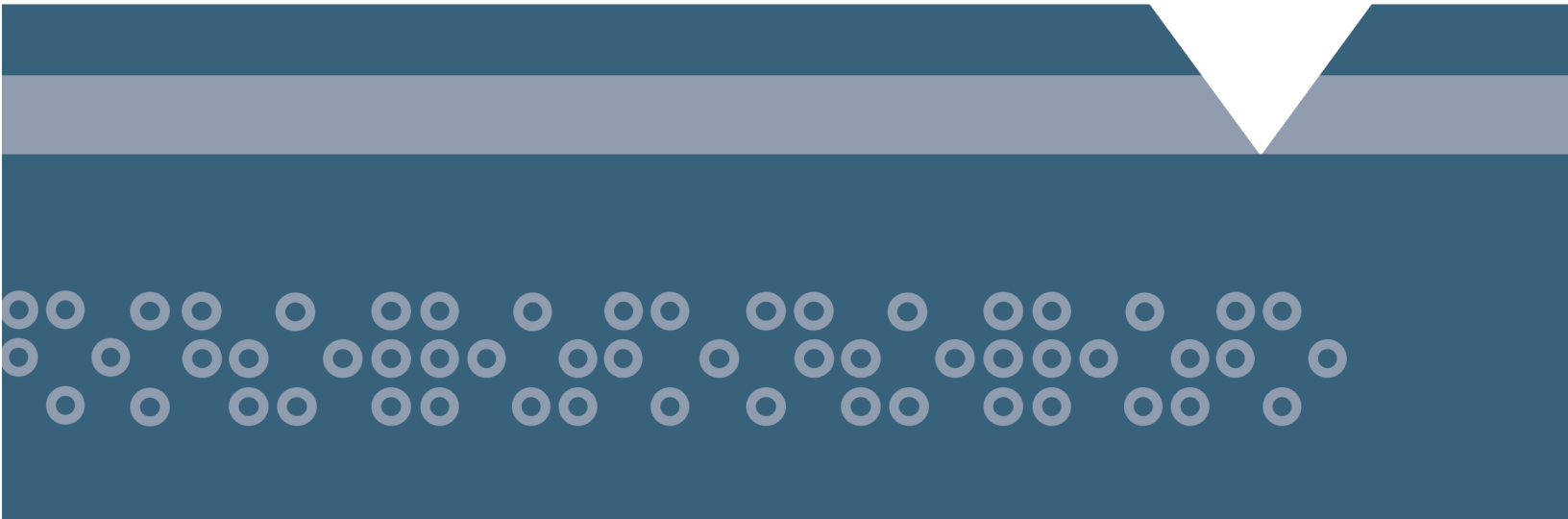


Town of Marion
Marion, Louisiana

Financial Statements
December 31, 2024



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MARION, LOUISIANA
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MARION, LOUISIANA
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PREMIER PLAZA
1900 N. 18TH STREET, SUITE 300 | MONROE, LOUISIANA 71201
318.388.3108 (P) | 318.429.2124 (F)

Honorable Danny Smith, Mayor
Members of the Board of Aldermen
Town of Marion, Louisiana

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Town of Marion, Louisiana (the Town), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund, of the Town, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-8 and 41-43, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management

about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of compensation, reimbursements, benefits, and other payments to the agency head, LCDBG Projects – Balance Sheets, LCDBG Projects - Schedule of Revenue, Expenditures and Changes in Fund Balances, and Justice System Funding Schedules for Collecting/Disbursing Entities are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The Justice System Funding Schedules are presented to satisfy the requirements of Act 87 of the 2020 Regular Legislative Session. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis 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*, and is also not a required part of the basic financial statements.

The schedule of compensation, reimbursements, benefits, and other payments to the agency head, LCDBG Projects – Balance Sheets, LCDBG Projects - Schedule of Revenue, Expenditures and Changes in Fund Balances, Justice System Funding Schedules, and Schedule of Expenditures of Federal Awards 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 my opinion, the schedule of compensation, benefits, and other payments to the agency head, LCDBG Projects – Balance Sheets, LCDBG Projects - Schedule of Revenue, Expenditures and Changes in Fund Balances, Justice System Funding Schedules, and the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2026, on our consideration of the Town'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 solely 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 effectiveness of the Town's 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's internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Monroe, Louisiana
March 30, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Town of Marion, Louisiana (Town), offers the readers of these financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2024. Management's discussion and analysis is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, or conditions.

Overview of the Financial Statements

The Town's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements.

Government-Wide Financial Statements

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the above categories reported as net position. The statement of activities shows how the government's net position changed during this fiscal year. All changes in net position are reported as soon as the underlying event occurs regardless of the timing of the related cash flows.

Each of these reports is broken down between governmental activities and business-type activities. Governmental activities normally are those activities that are supported by taxes, licenses, permits, fines, and intergovernmental revenues, for example, the police and fire departments. Business-type activities are functions that are intended to support their costs through charges for services or fees such as the water and sewer departments.

Fund Financial Statements

The Town of Marion, Louisiana maintains three governmental funds at this time, the General Fund, ARPA Fund and the Capital Projects Fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and ARPA which are major funds.

The Town adopts an annual budget for its general fund and ARPA funds. A budgetary comparison schedule is presented on pages 40-42, which compares actual revenues and expenditures to the original budget and amended budget figures. The original budget was adopted December 2023, and it was amended December 2024.

The Town operates a proprietary fund. The Town uses an enterprise fund to account for its water and sewer disposal operations. This enterprise fund reports the same functions presented as a business-type activity in the government-wide financial statements.

The notes to the financial statements have additional information presented that is essential to a full understanding of the data provided in the government-wide financial statements. The notes are found on pages 18-39.

Government-Wide Financial Analysis

Overall, the Town's financial position and results of its operation did not improve in 2024. The largest percentage of the total assets is the Town's investment in net capital assets. The Town has outstanding debt of \$1,227,946 which was used to finance some of the \$10,524,366 of capital assets. (For more detailed information on the Town's debt and capital assets, see pages 32-37.) The total liabilities of \$1,403,467 are 24% of the total net position.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table reflects the condensed statement of net position at December 31, 2024.

	Governmental Activities	Business-Type Activities	2024 Total	2023 Total
Assets				
Current Assets	\$ 417,819	\$ 166,533	\$ 584,352	\$ 799,073
Restricted Assets	15,859	484,634	500,493	480,538
Capital assets and leased assets				
Net of accumulated depreciation/amortization	<u>1,046,186</u>	<u>5,161,220</u>	<u>6,207,406</u>	<u>4,524,526</u>
Total Assets	<u>1,479,864</u>	<u>5,812,387</u>	<u>7,292,251</u>	<u>5,804,137</u>
Liabilities				
Current Liabilities	26,080	104,829	130,909	190,871
Non-Current Liabilities	<u>119,154</u>	<u>1,151,180</u>	<u>1,270,334</u>	<u>1,227,664</u>
Total Liabilities	<u>145,234</u>	<u>1,256,009</u>	<u>1,401,243</u>	<u>1,418,535</u>
Net Position				
Investment in Capital Assets	920,602	4,005,668	4,926,270	3,264,262
Restricted for Debt Service	15,859	463,121	478,980	452,378
Restricted	93,967	-	93,967	175,310
Unrestricted	<u>304,202</u>	<u>87,589</u>	<u>391,791</u>	<u>493,652</u>
Total Net Position	<u>\$ 1,334,630</u>	<u>\$ 4,556,378</u>	<u>\$ 5,891,008</u>	<u>\$ 4,385,602</u>

The Town's governmental activities decreased the net position by \$168,646. The total business-type activities increased the Town's net position by \$1,674,052. Below is a summary of the statement of activities.

	Governmental Activities	Business-Type Activities	2024 Total	2023 Total
Revenues				
Program Revenues	\$ 189,043	\$ 2,184,117	\$ 2,373,160	\$ 1,608,712
General Revenues	289,849	74,468	364,317	358,001
Transfers	<u>(85,639)</u>	<u>85,639</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>393,253</u>	<u>2,344,224</u>	<u>2,737,477</u>	<u>1,966,713</u>
Expenses				
General and Administrative	225,004	-	225,004	174,735
Police Protection	204,076	-	204,076	184,393
Fire Protection	29,861	-	29,861	22,305
Public Works	64,033	-	64,033	89,520
Sanitation	16,175	-	16,175	18,214
Culture and Recreation	14,853	-	14,853	2,123
Water & Sewer	-	670,172	670,172	497,665
Interest on Long-Term Debt	<u>7,897</u>	<u>-</u>	<u>7,897</u>	<u>3,148</u>
Total Expenses	<u>561,899</u>	<u>670,172</u>	<u>1,232,071</u>	<u>992,103</u>
Increase (Decrease) in Net Position	(168,646)	1,674,052	1,505,406	974,610
Net Position - January 1, 2024	<u>1,503,276</u>	<u>2,882,326</u>	<u>4,385,602</u>	<u>3,410,992</u>
Net Position - December 31, 2024	<u>\$ 1,334,630</u>	<u>\$ 4,556,378</u>	<u>\$ 5,891,008</u>	<u>\$ 4,385,602</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Program Revenues are broken down as follows:

<u>Program Revenues</u>	<u>Total</u>	<u>% of Program Revenues</u>
Public Safety – Charges	\$ 94,299	4%
Public Safety - Grants	14,400	1%
Public Works - Charges	6,950	0%
Fire Protection	4,814	0%
Sanitation	68,580	3%
Water - Charges	303,093	13%
Water – Grants	1,289,907	54%
Sewer – Charges	91,545	4%
Sewer - Grants	499,572	21%
Total Program Revenues	<u>\$2,373,160</u>	<u>100%</u>

General Revenues consist of the following:

<u>General Revenues</u>	<u>Total</u>	<u>Revenues</u>
Property Taxes	85,416	23%
Sales Taxes	157,152	43%
Franchise Taxes	53,348	15%
Alcoholic Beverage Tax	1,062	0%
Licenses & Permits	43,299	12%
Interest Income	14,058	4%
Miscellaneous	9,982	3%
Total General Revenues	<u>\$364,317</u>	<u>100%</u>

Financial Analysis of the Government's Funds

The Town of Marion's governmental funds reported an ending fund balance of \$421,378, which is a decrease of \$126,042. The Town's proprietary fund shows an ending net position of \$4,556,378, which is an increase of \$1,674,052. The primary reason for the increase in the proprietary funds is grants received for the water and sewer system.

General Fund Budgetary Highlights

Over the course of the year, the Town Council revised the Town budget once. The difference between the original expenditure budget and the amended expenditure budget was an increase of \$63,500. Revenues were \$542,930 more on the amended budget than the original budget.

Capital Assets and Debt Administration

The total investment in net capital assets as of December 31, 2024, is \$4,926,270. There was \$1,382,300 of construction and assets added in the year ended December 31, 2024.

In 2024, the Town paid the USDA for loans in the general fund and water fund totaling \$81,856 which included \$50,365 in interest and \$31,491 in principal, which left an unpaid principal balance of \$1,227,946.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Current Financial Factors

The Town received LCDBG and ARPA grants during the year ended December 31, 2024, for water and sewer projects. The Town should complete these projects in 2025.

All other financial factors seem to be holding close to normal for 2025.

Requests for Information

The financial report is designed to provide a general overview of the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Clerk, Marion, Louisiana. The phone number is 318-292-4715.

FINANCIAL STATEMENTS

TOWN OF MARION
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 394,488	\$ 3,515	\$ 398,003
Investments	16,879	37,747	54,626
Receivables, Net	48,230	69,820	118,050
Due To/From Other Funds	(47,097)	47,097	-
Due From Other Governments	296	-	296
Prepaid Items	5,023	8,354	13,377
Restricted Cash and Cash Equivalents	15,859	309,441	325,300
Restricted Investments	-	175,193	175,193
Right to use leased asset, net of amortization	52,098	-	52,098
Capital Assets:			
Land	45,597	33,007	78,604
Buildings	540,302	125,236	665,538
Improvements	366,247	-	366,247
Infrastructure	584,463	6,185,807	6,770,270
Furniture and Equipment	788,186	254,928	1,043,114
Construction in Progress	-	1,600,593	1,600,593
Less Accumulated Depreciation	(1,330,707)	(3,038,351)	(4,369,058)
Capital Assets, Net of Depreciation	<u>994,088</u>	<u>5,161,220</u>	<u>6,155,308</u>
<u>TOTAL ASSETS</u>	<u>\$ 1,479,864</u>	<u>\$ 5,812,387</u>	<u>\$ 7,292,251</u>
<u>LIABILITIES</u>			
Accounts Payable	7,391	60,654	68,045
Accrued Liabilities	4,909	12,571	17,480
Accrued interest payable	575	-	575
Current Portion of Long-Term Obligations	9,956	-	9,956
Non-Current Portion of Long-Term Obligations	48,917	-	48,917
Paid out of Restricted Assets:			
Accrued Interest Payable	1,092	1,023	2,115
Customer Deposits	-	26,209	26,209
Current Portion of Long-Term Obligations	2,157	30,581	32,738
Non-Current Portion of Long-Term Obligations	70,237	1,124,971	1,195,208
<u>TOTAL LIABILITIES</u>	145,234	1,256,009	1,401,243
<u>NET POSITION</u>			
Net Investment in Capital Assets	920,602	4,005,668	4,926,270
Restricted for Debt Service	15,859	463,121	478,980
Restricted	93,967	-	93,967
Unrestricted, Unreserved	<u>304,202</u>	<u>87,589</u>	<u>391,791</u>
<u>TOTAL NET POSITION</u>	<u>\$ 1,334,630</u>	<u>\$ 4,556,378</u>	<u>\$ 5,891,008</u>

See independent auditor's report and notes to the financial statements.

TOWN OF MARION
STATEMENT OF ACTIVITIES
DECEMBER 31, 2024

Function/Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Government Activities:							
General and Administrative	\$ 225,004	\$ -	\$ -	\$ -	\$ (225,004)	\$ -	\$ (225,004)
Police Protection	204,076	94,299	14,400	-	(95,377)	-	(95,377)
Fire Protection	29,861	-	-	4,814	(25,047)	-	(25,047)
Public Works	64,033	6,950	-	-	(57,083)	-	(57,083)
Sanitation	16,175	68,580	-	-	52,405	-	52,405
Culture and Recreation	14,853	-	-	-	(14,853)	-	(14,853)
Interest on Long-Term Debt	7,897	-	-	-	(7,897)	-	(7,897)
Total Governmental Activities	561,899	169,829	14,400	4,814	(372,856)	-	(372,856)
Business-Type Activities:							
Water	463,753	303,093	-	1,289,907	-	1,129,247	1,129,247
Sewer	206,419	91,545	-	499,572	-	384,698	384,698
Total Business-Type Activities	670,172	394,638	-	1,789,479	-	1,513,945	1,513,945
Total Government	\$ 1,232,071	\$ 564,467	\$ 14,400	\$ 1,794,293	\$ (372,856)	\$ 1,513,945	\$ 1,141,089
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 85,416	\$ -	\$ 85,416
Franchise Taxes					53,348	-	53,348
Sales Taxes					94,227	62,925	157,152
Alcoholic Beverage Tax					1,062	-	1,062
Licenses and Permits					43,299	-	43,299
Interest Income					2,815	11,243	14,058
Miscellaneous					9,682	300	9,982
Transfers					(85,639)	85,639	-
Total General Revenues, Special Items and Transfers					<u>204,210</u>	<u>160,107</u>	<u>364,317</u>
Changes in Net Position					(168,646)	1,674,052	1,505,406
Net Position - Beginning					<u>1,503,276</u>	<u>2,882,326</u>	<u>4,385,602</u>
Net Position - Ending					<u>\$ 1,334,630</u>	<u>\$ 4,556,378</u>	<u>\$ 5,891,008</u>

See independent auditor's report and notes to the financial statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

TOWN OF MARION
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	Major Funds			Total Governmental Funds
	General Fund	ARPA Fund	Capital Projects Fund	
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 300,320	\$ 93,967	\$ 201	\$ 394,488
Investments	16,879	-	-	16,879
Receivables Net				
Ad Valorem Taxes	8,269	-	-	8,269
Sales and Use Taxes	23,595	-	-	23,595
Franchise Fees Receivable	4,916	-	-	4,916
Receivables-Garbage Fees	11,450	-	-	11,450
Due From Other Governments				
Louisiana Beer Tax Distribution	296	-	-	296
Grants	-	-	-	-
Prepaid Items	5,023	-	-	5,023
Restricted Assets: Cash	15,859	-	-	15,859
Due From Other Funds	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 386,607</u>	<u>\$ 93,967</u>	<u>\$ 201</u>	<u>\$ 480,775</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 7,391	\$ -	\$ -	\$ 7,391
Due To Other Funds	47,097	-	-	47,097
Accrued Liabilities	4,909	-	-	4,909
Total Liabilities	59,397	-	-	59,397
<u>FUND BALANCES</u>				
Nonspendable	5,023	-	-	5,023
Restricted for Debt Service	15,859	-	-	15,859
Restricted	-	93,967	-	93,967
Assigned	-	-	-	-
Unassigned	306,328	-	201	306,529
Total Fund Balance	327,210	93,967	201	421,378
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 386,607</u>	<u>\$ 93,967</u>	<u>\$ 201</u>	<u>\$ 480,775</u>

See independent auditor's report and notes to the financial statements.

TOWN OF MARION
RECONCILIATION OF GOVERNMENTAL
FUND BALANCE TO STATEMENT OF NET POSITION
DECEMBER 31, 2024

Total Governmental Fund Balances	\$	421,378
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Governmental Capital Assets	2,324,795	
Less: Accumulated Depreciation	<u>(1,330,707)</u>	994,088
Right to use Leased Assets	60,177	
Less: Accumulated Amortization	<u>(8,079)</u>	52,098

Long-term liabilities, including bonds and notes payable, capital leases and compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.

Compensated Absences	(4,887)	
Bonds Payable - Fire Station Project	(72,394)	
Lease Liability	(53,986)	
Accrued Interest Payable	<u>(1,667)</u>	<u>(132,934)</u>

Net Position of Governmental Activities	\$	<u><u>1,334,630</u></u>
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See independent auditor's report and notes to the financial statements.

TOWN OF MARION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Major Funds			Total Governmental Funds
	General Fund	ARPA Fund	Capital Projects Fund	
Revenues				
Property Taxes	\$ 85,416	\$ -	\$ -	\$ 85,416
Franchise Taxes	53,348	-	-	53,348
Sales Taxes	94,227	-	-	94,227
Licenses and Permits	43,299	-	-	43,299
Intergovernmental				
Other	22,412	-	-	22,412
Sanitation Fees	68,580	-	-	68,580
Fines	94,299	-	-	94,299
Interest Income	2,080	735	-	2,815
Miscellaneous	14,496	-	-	14,496
Total Revenues	<u>478,157</u>	<u>735</u>	<u>-</u>	<u>478,892</u>
Expenditures				
General Government	162,316	-	-	162,316
Police Protection	195,997	-	-	195,997
Fire Protection	29,861	-	-	29,861
Public Works	64,033	-	-	64,033
Sanitation Department	16,175	-	-	16,175
Culture and Recreation	14,853	-	-	14,853
Debt Service:				
Principal Payments	8,167	-	-	8,167
Interest and Other	7,897	-	-	7,897
Capital Outlays	19,996	-	-	19,996
Total Expenditures	<u>519,295</u>	<u>-</u>	<u>-</u>	<u>519,295</u>
Excess (Deficiency) of Revenues Over Expenditures	(41,138)	735	-	(40,403)
Other Financing Sources and (Uses)				
Transfers In	15,233	-	-	15,233
Transfers Out	(18,794)	(82,078)	-	(100,872)
Net Other Financing Sources (Uses)	<u>(3,561)</u>	<u>(82,078)</u>	<u>-</u>	<u>(85,639)</u>
Net Change in Fund Balance	(44,699)	(81,343)	-	(126,042)
Fund Balance - Beginning	<u>371,909</u>	<u>175,310</u>	<u>201</u>	<u>547,420</u>
FUND BALANCE - ENDING	<u>\$ 327,210</u>	<u>\$ 93,967</u>	<u>\$ 201</u>	<u>\$ 421,378</u>

See independent auditor's report and notes to the financial statements.

TOWN OF MARION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

Net Change in Fund Balances - Total Governmental Funds		\$ (126,042)
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Amounts reported for governmental activities in the statement of activities are different because:

Government funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	19,996		
Depreciation expense	<u>(59,212)</u>		(39,216)
Amortization Expense for leased assets	(8,079)		(8,079)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as an expenditure in governmental funds.

Change in accrued interest	(542)		
Change in compensated absences	<u>(2,934)</u>		(3,476)

Repayment of debt principal, including capital leases, is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal Payments			<u>8,167</u>
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Change in Net Position in Governmental Activities		<u>\$ (168,646)</u>
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See independent auditor's report and notes to the financial statements.

PROPRIETARY FUNDS

TOWN OF MARION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

<u>ASSETS</u>	Business-Type Activities Enterprise Funds		
	Water	Sewer	Total
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ -	\$ 5,739	\$ 5,739
Accounts Receivable, Net	54,505	15,315	69,820
Investments	37,747	-	37,747
Prepaid Items	5,311	3,043	8,354
Total Current Assets	97,563	24,097	121,660
<u>Non-Current Assets</u>			
Restricted Assets:			
Water Fund - Meter Deposits	21,513	-	21,513
Water Sinking & Reserve Accounts	287,928	-	287,928
Restricted Investments Water Meter	18,629	-	18,629
Restricted Investments Water Projects	156,564	-	156,564
Total Restricted Assets	484,634	-	484,634
Capital Assets:			
Land	18,400	14,607	33,007
Construction in Progress	1,600,593	-	1,600,593
Buildings	125,236	-	125,236
Infrastructure	3,748,513	2,437,294	6,185,807
Furniture and Equipment	213,129	41,799	254,928
Less: Accumulated Depreciation	(2,363,592)	(674,759)	(3,038,351)
Total Capital Assets	3,342,279	1,818,941	5,161,220
<u>TOTAL ASSETS</u>	<u>3,924,476</u>	<u>1,843,038</u>	<u>5,767,514</u>
<u>LIABILITIES</u>			
<u>Current Liabilities</u>			
Cash Overdraft	2,224	-	2,224
Accounts Payable	53,094	7,560	60,654
Accrued Liabilities	12,571	-	12,571
Customer Deposits	26,209	-	26,209
Accrued Interest	1,023	-	1,023
Bonds Payable - Current Portion	30,581	-	30,581
Due To (From) Other Funds	(47,097)	-	(47,097)
Total Current Liabilities	78,605	7,560	86,165
<u>Long Term Liabilities</u>			
Bonds Payable - Long-Term	1,124,971	-	1,124,971
Total Liabilities	1,203,576	7,560	1,211,136
<u>NET POSITION</u>			
Net Investment in Capital Assets	2,186,727	1,818,941	4,005,668
Restricted for Capital Projects	463,121	-	463,121
Unrestricted	71,052	16,537	87,589
Total Net Position	\$ 2,720,900	\$ 1,835,478	\$ 4,556,378

See independent auditor's report and notes to the financial statements.

TOWN OF MARION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Total
<u>Operating Revenues</u>			
Charges for Services	\$ 303,093	\$ 91,545	\$ 394,638
Sales Tax	31,409	31,516	62,925
Total Operating Revenues	334,502	123,061	457,563
<u>Operating Expenses</u>			
Salaries and Employee Benefits	217,262	21,292	238,554
Office Supplies	10,375	732	11,107
Professional Fees	8,000	4,000	12,000
Repairs and Maintenance	66,495	40,621	107,116
Vehicle Expense	6,811	4,071	10,882
Utilities and Telephone	25,173	35,591	60,764
Depreciation and Amortization	98,542	51,739	150,281
Insurance	17,155	13,373	30,528
Miscellaneous	1,497	-	1,497
Administration Charge - Sewer	(35,000)	35,000	-
Total Operating Expenses	416,310	206,419	622,729
<u>Operating Income (Loss)</u>	(81,808)	(83,358)	(165,166)
<u>Non-Operating Revenues (Expenses)</u>			
Operating Interest	11,150	93	11,243
Grant Income	1,289,907	499,572	1,789,479
Interest Expense	(47,443)	-	(47,443)
Miscellaneous Revenue	-	300	300
Total Non-Operating Revenues (Expenses)	1,253,614	499,965	1,753,579
Income (Loss) Before Transfers	1,171,806	416,607	1,588,413
<u>Other Financing Sources (Uses)</u>			
Transfers In	32,138	53,501	85,639
<u>Changes in Net Position</u>	1,203,944	470,108	1,674,052
Net Position - Beginning of the Year	1,516,956	1,365,370	2,882,326
NET POSITION - END OF THE YEAR	\$ 2,720,900	\$ 1,835,478	\$ 4,556,378

See independent auditor's report and notes to the financial statements.

TOWN OF MARION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
ECCEMBER 31, 2024

	Business-Type Activities Enterprise Funds		
	Water	Sewer	Total
<u>Cash Flows From Operating Activities</u>			
Receipts from Customers	\$ 282,504	\$ 146,639	\$ 429,143
Payments to Suppliers	(86,278)	(152,461)	(238,739)
Payments to Employees	(208,987)	(21,292)	(230,279)
Other Receipts (Payments)	32,217	32,170	64,387
Internal Activity Payments to Other Funds	35,000	(35,000)	-
Net Cash Provided (Used) by Operating Activities	54,456	(29,944)	24,512
<u>Cash Flows From Noncapital Financing Activities</u>			
Overdraft	2,224	-	2,224
Other Receipts	-	300	300
Increase in Customer Deposits	(6,586)	-	(6,586)
Transfers from other funds	32,138	53,501	85,639
Interfund Receivable - General Fund	(45,585)	1,638	(43,947)
Net Cash Provided (Used) by Noncapital Financing Activities	(17,809)	55,439	37,630
<u>Cash Flows From Capital and Related Financing Activities</u>			
Acquisition of Capital Assets	(1,290,069)	(530,109)	(1,820,178)
Grant Income	1,289,907	499,572	1,789,479
Principal Paid on Bonds	(29,317)	-	(29,317)
Payments for Interest on Long-Term Financing	(47,469)	-	(47,469)
Net Cash Provided (Used) by Capital and Related Financing Activities	(76,948)	(30,537)	(107,485)
<u>Cash Flows From Investing Activities</u>			
Interest Earned	2,246	93	2,339
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>			
Cash and Cash Equivalents at Beginning of Year	347,496	10,688	358,184
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>			
	<u>\$ 309,441</u>	<u>\$ 5,739</u>	<u>\$ 315,180</u>
Classified As:			
Cash	\$ -	\$ 5,739	\$ 5,739
Meter Deposits	21,513	-	21,513
Water Sinking and Reserve Accounts	287,928	-	287,928
NET CASH AND CASH EQUIVALENTS	<u>\$ 309,441</u>	<u>\$ 5,739</u>	<u>\$ 315,180</u>

See independent auditor's report and notes to the financial statements.

TOWN OF MARION
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
DECEMBER 31, 2024

	Business-Type Activities Enterprise Funds		
	Water	Sewer	Total
<u>Reconciliation of Operating Loss to Net Cash</u>			
<u>Used by Operating Activities:</u>			
Operating Loss	\$ (81,808)	\$ (83,358)	\$ (165,166)
Adjustments to Reconcile Net Losses to Net Cash used by Operating Activities			
Depreciation	98,542	51,739	150,281
Increase in Accounts Receivable	(19,781)	55,092	35,311
(Increase) or Decrease in Prepaid Items	(1,107)	654	(453)
Increase or (Decrease) in Accounts Payable	50,335	(54,071)	(3,736)
Increase in Accrued Liabilities	8,275	-	8,275
Total Adjustments	<u>136,264</u>	<u>53,414</u>	<u>189,678</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ 54,456</u>	<u>\$ (29,944)</u>	<u>\$ 24,512</u>

See independent auditor's report and notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF MARION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Introduction

The Town of Marion, Louisiana (hereafter referred to as the Town) was created under the provisions of the Lawrason Act, Louisiana Revised Statute 33:321, in 1909. Therefore, it operates under a Mayor-Board of Aldermen form of government.

The Mayor is elected for a four-year term. The four alderpersons are elected every four years at large. They are compensated for their services.

The Town provides the following services: public safety (police and fire), streets, drainage, sanitation, utilities (water and sewer), recreation, public improvements, planning and zoning and general and administrative services.

The Town is situated in the north part of Union Parish. It had a population of 612 persons per the 2022 U.S. Census. It is currently serving water and sewer customers and employs 7 full and 4 part-time persons as well as a Chief of Police. The position of Chief of Police is elected every four years.

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accounting and reporting policies of the Town of Marion, Louisiana conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Government Units (Revised). The following is a summary of certain significant accounting policies.

B. Financial Reporting Entity

GASB Statement No 14, The Financial Reporting Entity established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Town is considered a primary government, since it is a general-purpose local government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB statement No. 14, fiscally independent means that the Town may, without approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, establishes criteria for determining which, if any, component units should be considered part of the Town for financial reporting purposes. GASB Statement No. 61 provides additional criteria for classifying entities as component units. The basic criterion for including a potential component unit within the reporting entity is financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the government to impose its will on the organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.

TOWN OF MARION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government and there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level or government, or a jointly appointed board.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the above criteria, no component units were identified for the Town of Marion.

C. Government-Wide Financial Statements

The Town's government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements present summaries of the governmental activities and the business-type activities for the Town.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets, deferred resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town of Marion's governmental activities.

Program Revenues – Program revenues included in the Statement of Activities are derived directly from parties outside of the Town's taxpayers or citizenry, including (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants, contributions that are restricted to meeting the operational or capital requirements of a particular program; program revenues reduce the cost of the function to be financed from the Town's general revenues.

Direct Expenses – The Town reports all direct expenses by function in the Statement of Activities, Direct expenses are those that are clearly identifiable with a function. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function.

Indirect Expense – The Town reports all indirect expenses separately on the Statement of Activities. Indirect expenses are those expenses that are not clearly identifiable with a function. Interest on long-term debt is considered an indirect expense.

TOWN OF MARION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

General revenues are taxes and other items that are not properly included among program revenues. The effect of interfund activity has been removed from the government-wide financial statements.

D. Fund Financial Statements

The accounts of the Town of Marion are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows or resources, fund equity, revenues, expenditures or expenses, as appropriate, additions, and deductions. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements. Funds of the Town are classified into two categories: governmental and proprietary.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the balance sheet. Amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. Long-term debts are reported as another financing resource, and repayment of long-term debt is reported as an expenditure. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. “Measurable” means the amount of the transactions can be determined, and “available” means collectible within the current period or soon thereafter to pay liabilities for the current period. Accordingly, revenues are recorded when received in cash and when collected within 60 days after year-end. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized when due.

The Town of Marion reports the following major governmental funds:

General Fund – The primary operating fund of the Town, the General Fund, accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Town policy.

ARPA Fund – This special revenue fund of the Town accounts for the receipt of the special funding in response to the COVID pandemic. Expenditures are restricted in use as prescribed in the grant.

TOWN OF MARION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Revenues

The governmental funds use the following practices in recording revenues:

Those revenues susceptible to accrual are property taxes, franchise taxes, and charges for service. Fines or permit and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Entitlements and shared revenues are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Expenditure-driven grants are recognized when qualifying expenditures have been incurred, all other grant requirements have been met, and the susceptible-to-accrual criteria have been met.

Interest earnings are recorded when the investments have matured, and the interest is available.

Expenditures

The governmental funds use the following practices in recording expenditures:

Salaries are recorded as expenditures when earned by employees.

Purchases of various operating supplies, etc. are recorded as expenditures when the related fund liabilities are incurred.

Compensated absences are recognized as expenditures when leave is actually taken or when employees, or their heirs, are paid for accrued leave upon retirement or death.

Principal and interest on long-term debt are recognized when due.

Other Financing Sourced (Uses)

The governmental funds use the following practices in recording other financing sources (uses):

Transfers between funds that are not expected to be repaid, sales of fixed assets, and long-term debt proceeds and payments, are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Proprietary Funds

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on the income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expense generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Proprietary funds include:

Enterprise Funds – Account for operation (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b)

TOWN OF MARION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Revenues and Expenses

Operating revenues in the proprietary fund are those that are generated from the primary operation of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

E. Equity Classification

The Town of Marion has implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

In the Government-Wide Financial Statements and the Proprietary Fund Financial Statements, the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and reported in three components:

Net Investment in Capital Assets: This classification consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

Restricted Net Position: This classification consists of net position with constraints placed on its use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provision or enabling legislation.

Unrestricted Net Position: Any other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When an expense is incurred for the purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

The Government Fund Financial Statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Town has \$5,023 of nonspendable funds in the General Fund.

TOWN OF MARION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town has \$15,859 of restricted funds in the General Fund and \$93,967 in the ARPA Fund.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council. These amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Council typically establishes commitments through the adoption and amendment of the budget. The Town did not have any committed funds for the year ended December 31, 2024.

Assigned: This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Council or through the Council delegating this responsibility to a body or official (Mayor) for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Town did not have any assigned funds for the year ended December 31, 2024.

Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts. The Town has \$306,328 of unassigned funds in the General Fund and \$201 of unassigned funds in the Capital Projects Fund.

The Town would typically use Restricted Fund Balances first, followed by Committed Resources, and then Assigned Resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned Resources first to deter the use of these other classified funds.

F. Budgets and Budgetary Accounting

The Town adopts an annual budget for the General Fund, ARPA Fund and Enterprise Funds at their regular public meeting in December each year. The annual budget is introduced at the regular November board meeting. An ordinance is published in the Town's official journal prior to the December meeting for public comments. It is prepared in accordance with the basis of accounting utilized by that fund. Any revisions that alter the total expenditures must be approved by the Board of Alderpersons. Budget amounts shown are as originally adopted or as amended by the Board. Budget amendments are passed on an as-needed basis. The Town is legally required to prepare annual operating budgets for the General Fund and the ARPA Fund. The Town monitors these funds' budgets in comparison with actual results monthly.

TOWN OF MARION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

G. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and certificates of deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town of Marion may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

H. Investments

The Town of Marion's investments comply with Louisiana Revised Statute 33:2955. Under state law, the Town may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes and bills, or government-backed agency securities or certificates, and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. These deposits are classified as investments if their original maturities exceed 90 days. Investments are stated at fair value except for those which are permitted under GASB Statement No. 31 to use a different valuation measurement.

In accordance with paragraph 69 of GASB Statement No. 72, the Town reports at amortized cost money market investments and participating interest-bearing investment contracts that have a remaining maturity at the time of purchase of one year or less. Money market investments are short-term, highly liquid debt instruments that include U. S. Treasury obligations.

I. Interfund Receivables and Payables

Activity between funds that is representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" on the fund financial statements balance sheets, as well as all other outstanding balances between funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

J. Inventories

Inventories of supplies in the Proprietary Fund are not material and are charged to operations as purchased.

K. Capital Assets

Capital Assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are recorded in the applicable governmental or business-type activities columns of the government-wide financial statements but are not reported in the governmental fund financial statements. Acquisitions of property and equipment are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$5,000 or more for capitalizing capital assets.

TOWN OF MARION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Improvements and replacement of property and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the Statement of Activities.

Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Depreciation is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. The estimated useful life for classes of assets are as follows:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Building Improvements	40 years
Water and Sewer Systems	10-40 years
Furniture and Fixtures	7 years
Vehicles	5 years
Equipment	5 years

In accordance with GASB Statement No. 34, general infrastructure capital assets consisting of streets, bridges, sidewalks, and drainage systems acquired before July 1, 2003, are excluded from capital assets.

L. Deferred Outflows of Resources

The Town reports a decrease in net position that relates to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The Town reported no deferred outflows of resources.

M. Compensated Absences

Town employees are entitled to ten days' vacation time per year for the first five years of uninterrupted full-time employment. Eighty hours are vested after three months of employment. For any new employee, vested vacation hours are prorated if the employee start day is in the last quarter of the year. After 5 years, each full-time employee receives one hundred and twenty hours of vacation; after ten years, one hundred and sixty hours is received. Employees may carry forward from one year to the other no more than forty hours earned vacation time. Each employee receives the entitled hours on January 1 of each year plus the unused carryforward hours. Eighty hours of sick time is accrued each year for all full-time employees. Sick time is carried forward each year with a maximum accrued sick time of four hundred hours for each employee.

Any vacation time is paid at the termination of employment, while sick time is not guaranteed. The Town also pays employees for eleven holidays, as well as a holiday for their individual birthday.

N. Deferred Inflows of Resources

The Town reports increases in net position that relate to future periods as deferred inflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The Town will not recognize the related revenues until a future event occurs. The Town reported no deferred inflows of resources.

TOWN OF MARION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

O. Interfund Transactions

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or enterprise funds are netted as part of the reconciliation to the government-wide financial statements.

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without the exception of repayment, the transaction is reported as a transfer and is treated as a source of income by the recipient funds and as an expenditure by the providing fund.

Activity between funds that is representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as “due from other funds” or “due to other funds” on the Fund Financial Statements Balance Sheet, as well as all other outstanding balances between funds.

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities’ column.

P. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Q. Bad Debts

Uncollectible amounts for ad valorem taxes are generally not significant. The Town records ad valorem taxes on a cash basis, so no receivables are recorded until year end. Any ad valorem taxes collected within 60 days of year end are considered receivable, so bad debts are not recorded and are considered immaterial. For customers’ utility receivables, the allowance method is used to account for uncollectible amounts. Under this method, an allowance account is set up for what is deemed to be uncollectible.

R. Prepaid Items

The Town purchases commercial insurance to cover their risk. Insurance companies usually require the premiums to be paid in advance of the coverage periods.

TOWN OF MARION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

S. Long-Term Obligations

In the government-wide financial statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of liability on the Statement of Net Position. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

At December 31, 2024, the Town is leasing a copy machine for \$55 a month.

In August 2005, the Town borrowed \$100,000 from U.S. Department of Agriculture for the fire station project. The Town makes yearly payments due in August each year of \$5,200 each for 40 years.

In June 2011, the Town borrowed \$1,497,000 from the U. S. Department of Agriculture for the construction of two new water wells and an elevated water tank. The payments are made monthly of \$3,545 for the water projects and \$2,843 for the tank projects.

2. Cash and Investments

Custodial Credit Risk - Deposits

The custodial credit risk is the risk that in the event of bank failure, the Town's deposits may not be returned to it. The Town's policy to ensure there is no exposure to this risk is to require each financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent bank failed to pay deposited funds upon demand. Accordingly, the Town had no custodial risk related to its deposits at December 31, 2024.

At December 31, 2024, the Town has cash and cash equivalents and investments (book balances net of overdrafts) in the amount of \$953,122.

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

At December 31, 2024, the Town has bank cash and investments totaling \$989,163 as follows:

Cash in Checking or in Savings	\$ 431,001
Certificates of Deposits (Investments)	54,601
Restricted Assets (Cash)	327,147
Restricted Assets (Investments)	176,414
Total	<u>\$ 989,163</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance

TOWN OF MARION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

must at all times equal the amount on deposit with the bank. These securities are held in the name of the pledging bank in a holding or custodial bank that is mutually accepted to both parties. Marion State Bank had pledged security with a face value of \$867,769 and a market value of \$844,343. Cash, cash equivalents and investments (bank balances), at December 31, 2024, are secured as follows:

Bank Balance	\$ 989,163
Federal Deposit Insurance	250,000
Pledged Securities	739,163
	\$ 989,163

Cash and investments are categorized to give an indication of the level of risk assumed by the Town at December 31, 2024. Deposits are considered to be exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institutions, or (c) collateralized with securities held by the pledging financial institution’s trust department or agent but not in the depositor-government’s name. The Town of Marion has cash and cash equivalents that are covered by federal depository insurance and pledged securities.

At December 31, 2024, the Town had investments of \$229,819. These deposits are covered by pledged securities. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 40, Louisiana Revised Statute 30:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand. Louisiana R.S. 39:1224 requires bonds, or other such instruments furnished as security, to be deposited with the depositing authority or with an unaffiliated bank or trust company, Federal Reserve Bank, or any Federal Home Loan Bank or its successor. This security is deemed to be under the control and in the possession of the public entity and deemed to be held in its name. The Town of Marion has complied with these requirements of state law.

3. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Tax notices are usually mailed during November each year and become delinquent after December 31, of the year.

For the Year Ended December 31, 2024, taxes of 8.89 mills were levied on 586 properties with assessed valuations totaling \$9,824,674 and were dedicated as follows:

General Fund	8.89 Mills
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TOWN OF MARION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Total taxes levied and the corresponding assessed value for the last five years.

<u>Year</u>	<u>Taxes Levied</u>	<u>Assessed Value</u>
2024	\$ 87,341	\$ 9,824,674
2023	86,541	11,647,496
2022	59,015	7,942,818
2021	56,813	7,646,468
2020	60,419	8,131,804

4. Sales Taxes

Sales Taxes are levied by the Union Parish Sales and Use Tax Commission and allocated to the Town according to their percentage of the collections. The Town allocates 60% of the collections to the General Fund and 40% to the Enterprise Fund. The Town collects taxes on 1% of sales and purchases in the Town.

The total sales tax rate for Marion, including parish, state and city taxes is 10.45%. The Lincoln Parish Sales and Use Commission charges the Town a percentage of the collections and only remits the net of the taxes collected to the Town by direct deposit monthly. The total fees deducted from the sales tax collections was \$1,583 during the year. Interest paid to the Town was \$23. The Town records the sales tax revenue at net of these fees.

The Town is dependent on the telephone communications company that operates in the Town for a significant percentage of their collections. This company also purchases technology products which generate sales taxes to the Town, although other businesses in the Town could purchase these same products. For this reason, the exact percentage the telephone company generates for the Town's sale tax collections cannot be determined.

5. Insurance Rebate

The Town receives an insurance rebate to cover the fire protection in the Town. The amount received during 2024 is \$4,814.

TOWN OF MARION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

6. Receivables

A summary of receivables as of December 31, 2024, is as follows:

<u>General Fund</u>		
Property Taxes		\$8,269
Sales Taxes		23,595
Garbage Fees		11,450
Franchise Fees		4,916
Receivable - General Fund		48,230
Beer Taxes Due From State of Louisiana		296
Total General Fund		48,526
<u>Enterprise Fund Water/Sewerage</u>		
Trade Accounts		56,516
NSF Checks		1,267
Allowance for Doubtful Accounts		(3,800)
Total Trade Accounts		53,983
Sales Taxes		15,837
Total Enterprise Fund Water/Sewerage		69,820
Total All Funds		\$118,346

7. Water & Sewer Statistics

Monthly Rates for Services for 2024 were as follows:

<u>Monthly Rates for Services</u>	<u>Residential Rates</u>	<u>Commercial Rates</u>
<u>Water Rates:</u>		
0 - 2,000 Gallons	\$ 35.00	
Over 2,000 Gallons	\$ 5.60/1,000 Gal.	
0 - 5,000 Gallons		\$ 45.00
Over 5,000 Gallons		\$ 5.85/2,000 Gal.
 <u>Sewer Rates:</u>		
0 - 2,000 Gallons of Water Used	\$ 15.00	\$ 30.00
All Customers Over 2,000 Gallons	\$ 2.50/1,000 Gal.	\$ 2.50/1,000 Gal.

TOWN OF MARION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

<u>Monthly Rates for Services</u>	<u>Residential Rates</u>	<u>Commercial Rates</u>
<u>Garbage Rates:</u>		
Regular Customers	\$ 15.00	\$ 15.00
Century Data		\$ 350.00 Flat
Century Services		\$ 150.00 Flat
CenturyTel of LA		\$ 50.00 Flat
Sprinkler Meters	No Charge	
Out of Town Meters	No Charge	
Water Meter Tap	\$ 300.00	\$ 350.00
Sewer Installation	\$ 300.00	\$ 400.00
<u>Water Meter Deposit:</u>		
Homeowners	\$ 100.00	
Renters	\$ 200.00	

Late charges are charged at 5% of the total monthly bill. Reconnection charges are \$50 per incident. However, some tapping fees are based on the cost of the work performed and the charge therefore will vary from one installation to another.

The Louisiana Department of Health graded water systems across the state. The Town water system received an A and is in the process of trying to obtain funding and training to improve the quality of the water system.

8. Restricted Assets

Water/Sewer

Utility Meter Funds - The Town charges a utility deposit for their water customers. These funds are held in cash and investments and are returned to their customers at the termination of utility services after all bills are paid in full.

Water Revenue Bond Series 2011 - The Town is required in the agreement with the USDA Water Revenue Bonds, Series 2011 to fund monthly several cash accounts. Starting on July 20, 2011, and ending June 2051, the Town is required to fund a sinking fund in the monthly amounts of \$6,388. A sum of \$320 per month must be deposited into the Reserve Fund until \$76,656 has been accumulated therein. A sum of \$788 must be deposited monthly into the Short-lived Asset Fund until \$248,000 is on deposit in said Fund. A sum of \$320 per month must be deposited into the contingency fund which sum shall increase to \$767 per month once \$76,656 has been accumulated in the Reserve Fund. All required deposits were made in 2024.

TOWN OF MARION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

General Fund/Fire Department Building

Public Improvement Bonds, Series 2005 – According to the Bond agreement, the Town set up two funds.

Reserve Fund – The Town must make monthly deposits of \$35 a month to a reserve fund commencing with the month following the completion of and acceptance of the improvements financed with the proceeds of the Bonds. A sum of \$44 per month must be deposited into the Reserve Fund until \$5,200 has been accumulated therein. The Town set up three reserve funds with a carrying balance totaling \$13,052.

Sinking Fund – The Town created a sinking fund to reserve each year’s bond payments. The amount of the monthly deposit is \$433 with the last payment due on July 20, 2045. As of the year end, the sinking fund has a \$2,807 balance.

Project Checking Account – During 2011, the Town set up a checking account to be used for capital projects with a balance of \$200. The Town is holding this account open for any future projects. The account is part of the general fund, however, as projects are funded, the cash may be used for other fund’s projects as needed. From time to time, the use of the assets in this account may become restricted by agreements with third parties.

These assets consist of cash and investments:

<u>General Fund</u>	
Fire Bond Sinking Fund Savings	\$ 2,807
Fire Bond Reserve Fund Savings	3,320
Fire Bond Depreciation Fund Savings	4,872
Fire Bond Contingency Fund Savings	<u>4,860</u>
Total Cash and Investments	15,859
<u>Enterprise Fund</u>	
Customers’ Deposits on Meters Checking	21,513
Customers’ Deposits on Meters CD	18,629
Water Operation & Maintenance CD	25,171
CF Elevated Tank Debt Service Reserve CD	4,217
Water Contingency Fund Savings	52,489
Water Debt Service Reserve Savings	52,230
Water Sinking Fund Savings	63,181
Water Depreciation Short Lived Assets Savings	120,028
Water Depreciation Short Lived Assets CD	<u>127,176</u>
Total Cash and Investments	\$ 484,634

9. Capital Assets

Capital assets, which include land, buildings, improvements, equipment, infrastructure, and right-to-use leased assets, are reported in the applicable governmental activities column in the government-wide financial statements. Right-to-use leased assets are recognized at the present value of lease payments over the term of the lease, in accordance with GASB Statement No. 87, Leases. The Town’s leased assets consist of vehicles used in general government operations.

TOWN OF MARION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Right-to-use leased assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. Amortization of leased assets is included with depreciation expense in the government-wide financial statements.

Capital asset activity for the year ended December 31, 2024, was as follows:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
<u>Governmental Activities</u>					
Non-Depreciable Assets:					
Land	\$ 45,597	\$ -	\$ -	\$ -	\$ 45,597
Construction in Process	229,469	-	-	(229,469)	-
Depreciable Assets					
Buildings	540,302	-	-	-	540,302
Improvements	136,778	-	-	229,469	366,247
Equipment and Vehicles	768,090	20,096	-	-	788,186
Infrastructure	584,463	-	-	-	584,463
Totals at Historical Cost	<u>2,304,699</u>	<u>20,096</u>	<u>-</u>	<u>-</u>	<u>2,324,795</u>
Less Accumulated Depreciation:					
Buildings	(264,009)	(12,193)	-	-	(276,202)
Improvements	(123,948)	(6,013)	-	-	(129,961)
Equipment and Vehicles	(714,681)	(26,858)	-	-	(741,539)
Infrastructure	(168,857)	(14,148)	-	-	(183,005)
Total Accumulated Depreciation	<u>(1,271,495)</u>	<u>(59,212)</u>	<u>-</u>	<u>-</u>	<u>(1,330,707)</u>
<u>Governmental Activities</u>					
Capital Assets Net	<u>\$ 1,033,204</u>	<u>\$ (39,116)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 994,088</u>
<u>Business-Type Activities</u>					
Non-Depreciable Assets:					
Land	\$ 33,007	\$ -	\$ -	\$ -	\$ 33,007
Construction in Process	916,714	1,765,555	-	(1,081,676)	1,600,593
Depreciable Assets					
Buildings	125,236	-	-	-	125,236
Water System	3,739,845	8,668	-	-	3,748,513
Sewer System	1,309,663	45,955	-	1,081,676	2,437,294
Furniture and Equipment	254,928	-	-	-	254,928
Totals at Historical Cost	<u>6,379,393</u>	<u>1,820,178</u>	<u>-</u>	<u>-</u>	<u>8,199,571</u>
Less: Accumulated Depreciation:					
Buildings	(55,115)	(7,006)	-	-	(62,121)
Water System	(2,001,534)	(88,144)	-	-	(2,089,678)
Sewer System	(595,466)	(48,082)	-	-	(643,548)
Furniture and Equipment	(235,955)	(7,049)	-	-	(243,004)
Total Accumulated Depreciation	<u>(2,888,070)</u>	<u>(150,281)</u>	<u>-</u>	<u>-</u>	<u>(3,038,351)</u>
<u>Business-Type Activities</u>					
Capital Assets Net	<u>\$ 3,491,323</u>	<u>\$ 1,669,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,161,220</u>

TOWN OF MARION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Right-to-use leased asset activity for the year ended December 31, 2024, was as follows

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Lease Assets				
Vehicles	\$ -	\$ 60,177	\$ -	\$ 60,177
Totals at Historical Cost	-	60,177	-	60,177
Less Accumulated Amortization:				
Vehicles	-	(8,079)	-	(8,079)
Total Accumulated Amortization	-	(8,079)	-	(8,079)
<u>Governmental Activities</u>				
<u>Leased Assets Net</u>	<u>\$ -</u>	<u>\$ 52,098</u>	<u>\$ -</u>	<u>\$ 52,098</u>

Expenses for leased asset activity as of December 31, 2024 are as follows:

Lease expense	
Amortization expense	
Vehicle	\$ 8,079
Total amortization expense	8,079
Interest on lease liabilities	4,833
Variable lease expense	-
Total	<u>\$ 12,912</u>

10. Pension Plans

In 2001, the Town set up a Simple IRA plan for all employees including the Mayor and the Chief of Police. This plan can be set up by an employer who has 100 or fewer employees, who receives at least \$5,000 in compensation from the employer in any of the two preceding calendar years, and who meets certain other requirements. Under a SIMPLE plan employees can choose to make salary reduction contributions rather than receiving these amounts as a part of their regular pay. Salary reduction contributions have to be paid 30 days after the end of the month for which contributions are to be made. Salary reductions can be up to \$15,500 for each employee for the year 2023. The accounts are vested as soon as received by the brokerage firm and belong to the individual. The employer matches either dollar for dollar contribution up to 3% of the employees' compensation or a fixed non-elective contribution of 2% of compensation. The Town matches dollar for dollar up to 3% of the employee's compensation. The Town's portion of the contributions to the plan is \$8,790 for 2024. All contributions were funded by January 2025.

TOWN OF MARION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

11. Accounts and Other Payables

The following is a summary of payables at December 31, 2024:

<u>Class of Payable</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Accounts	\$ 7,391	\$ 11,557	\$ 18,948
Grant	-	49,097	49,097
Withholding and Payroll Accruals	4,909	12,571	17,480
Customer Deposits	-	26,209	26,209
Total Current Payables	<u>\$ 12,300</u>	<u>\$ 99,434</u>	<u>\$ 111,734</u>

12. Long Term Debt

Notes payable at December 31, 2024 are comprised of the following:

Public Improvement Bonds, Series 2004

The U.S. Department of Agriculture loaned the Town \$100,000 in bonds that were sold on August 18, 2005 to build a new fire department building. Annual payments of \$5,200 are due on August 18 of each year until 2045 at an annual interest rate of 4.125%. Interest paid in 2024 equaled \$3,063. The bond balance owed at year end is \$72,133. A schedule of annual payments are listed below:

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2025	\$ 3,043	\$ 2,157	\$ 5,200
2026	2,953	2,247	5,200
2027	2,858	2,342	5,200
2028	2,760	2,440	5,200
2029-2033	12,171	13,829	26,000
2034-2038	9,009	16,991	26,000
2039-2043	5,125	20,875	26,000
2044-2045	770	11,252	12,022
Total	<u>\$ 38,689</u>	<u>\$ 72,133</u>	<u>\$ 110,822</u>

Water Revenue Bonds Series 2011

Bond R-1

USDA Financing Water System Improvements - Wells and Distribution System

In June 2011, the USDA loaned the Town \$871,000 in bonds that were sold at that time. The bonds used to pay a Community Reach Interim financing loan of \$120,000 with an interest rate of 4% that was used to finance a test well as part of the water wells and distribution piping construction project. This financing also paid off an interest free loan from the Louisiana Public Financing in the amount of \$30,000. This loan is also part of the water well test hold project. The rest of the financing is to be used to complete the construction of two water wells and additional lines. This project was completed in 2012.

TOWN OF MARION
NOTES TO THE FINANCIAL STATEMENTS
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This note is payable over 40 years, with the first payment of interest only of \$21,953. Commencing July 23, 2012, and on the 23rd day of each month thereafter through June 23, 2051, payments shall consist of equal, fully amortized monthly installments of principal and interest of \$3,545. Each payment shall be applied, first, to the payment of accrued interest and, second, to the payment of principal. The interest rate is 3.75% per annum. The interest paid in 2024 is \$27,084. The outstanding loan balance based on information from the USDA at December 31, 2024, is \$713,844.

A schedule of annual payments are as follows:

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2025	\$ 26,495	\$ 16,045	\$ 42,540
2026	25,883	16,657	42,540
2027	25,248	17,292	42,540
2028	24,588	17,952	42,540
2029-2033	112,130	100,570	212,700
2034-2038	91,424	121,276	212,700
2039-2043	66,456	146,244	212,700
2044-2048	36,348	176,352	212,700
2049-2051	4,993	101,456	106,449
Total	<u>\$ 413,565</u>	<u>\$ 713,844</u>	<u>\$ 1,127,409</u>

Bond R-2

USDA Financing Water System Improvements – Water Elevated Tank

With a principal amount of \$626,000, bearing interest at the rate of 4.5% per annum this loan is due each month after June 23, 2012, in the amount of \$2,843 each for 40 years. The last payment is due June 23, 2051. This loan is used to finance the construction of a new elevated water tank that was completed in 2012 totaling \$481,159. The interest paid in 2024 is \$20,217. The outstanding loan balance based on information from the USDA at December 31, 2023, is \$441,708.

The Town drew additional funds from this loan to purchase new fire hydrants and installation of 6" lines on Thomas and Taylor streets of \$97,000. The Town received the unpaid advance from the USDA of \$47,841 in January 2014. This money was used to pay the outstanding balance owed to Riley Engineers and Peck Construction for a total of \$8,159. The Town did not use the rest of the money and sent the balance left on the advance, plus the interest earned on the checking account, and the balance left in the checking account at December 31, 2013 back to the USDA. This amount totaled \$43,516. The USDA applied this amount against the loan balance. The original loan ends in 2051. With the reduction of the amount borrowed, the loan should end in 2044.

TOWN OF MARION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

A schedule of annual payments are as follows:

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2025	\$ 19,580	\$ 14,536	\$ 34,116
2026	18,912	15,204	34,116
2027	18,213	15,903	34,116
2028	17,483	16,633	34,116
2029-2033	75,225	95,355	170,580
2034-2038	51,216	119,364	170,580
2039-2043	21,160	149,420	170,580
2044	182	15,293	15,475
<u>Total</u>	<u>\$ 221,971</u>	<u>\$ 441,708</u>	<u>\$ 663,679</u>

2022 Chevrolet Tahoe Lease

On May 15, 2024, the Town entered into a lease agreement with First Government Lease Co. for a 2022 Chevrolet Tahoe to be used in general government operations. The lease is for a term of 60 months, with monthly payments of \$1,358.00 and an interest rate of 6.99%. The total amount to be paid over the lease term is \$81,480.00, of which \$21,580.00 represents interest. The present value of the lease payments at inception was \$59,900.00. The first payment is due August 1, 2024, and the final payment is due July 1, 2029.

The following is a summary of the right-to-use lease liability for the vehicle as of December 31, 2024:

<u>Lease Liabilities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Ending Balance</u>
2022 Chevrolet Tahoe	\$ -	\$ 59,235	\$ (5,249)	\$ 53,986

A schedule of annual payments are as follows:

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2025	\$ 6,340	\$ 9,956	\$ 16,296
2026	4,988	11,308	16,296
2027	3,452	12,844	16,296
2028	1,708	14,588	16,296
2029	142	5,290	5,432
<u>Total</u>	<u>\$ 16,630</u>	<u>\$ 53,986</u>	<u>\$ 70,616</u>

TOWN OF MARION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

13. Interfund Operating Transfers In and Out

Interfund operating transfers in and out during the year ended December 31, 2024, were as follows:

	<u>Operating Transfers</u>	
	<u>In</u>	<u>Out</u>
Major Funds:		
General Fund	\$ 15,233	\$ 18,794
ARPA Fund	-	82,078
Enterprise Fund		
Water	32,138	-
Sewer	53,501	-
TOTAL	<u>\$ 100,872</u>	<u>\$ 100,872</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

14. Interfund Receivables and Payables

The Water Department collects and bills garbage and sewer fees. Garbage revenue is revenue of the General Fund, while the sewer revenue is revenue of that fund. At December 31, 2024, the Water Department had outstanding billings of \$285 in garbage fees for the General Fund.

The payroll for the Enterprise fund is paid out of the Water fund. The Sewer fund is charged fees each month for overhead paid by the Water fund. The total of these charges is \$35,000.

Interfund balances at December 31, 2024, were as follows:

<u>Fund</u>	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
Major Funds:		
General Fund	\$ -	\$ 47,097
Enterprise Fund		
Water	47,097	-
Sewer	-	-
TOTAL	<u>\$ 47,097</u>	<u>\$ 47,097</u>

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

TOWN OF MARION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

15. On-Behalf Payments

Certain Town employees in the Town's police department receive supplemental pay from the State of Louisiana. In accordance with GASB Statement No. 24, the Town has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement total \$14,400.

16. Litigation and Claim

Risk Management handles all defense for the Town, and the Town has threatened litigation as of March 24, 2026. The Town believes the outcome of these lawsuits will not have a material effect on its financial position at December 31, 2024.

17. Risk Management

The Town is exposed to various risk of loss in the areas of health care, general and auto liability, property hazards, and worker's compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

18. Other

The Marion Volunteer Fire Department covers the Marion Fire District of Union Parish, with the majority of the fire district being in the rural area. The fire department is divided by two different entities. The major equipment and the buildings are owned by the Town. The volunteer fire fighters are members of a non-profit corporation. The members of the non-profit corporation run the fire department for the Town.

Expenditures of the fire department that are related to the equipment and buildings are paid by the Town. These expenditures of the fire department are funded by an annual fire insurance rebate, which is included in the transactions of the General Fund. According to the Mayor, the purpose of the non-profit corporation is to provide equipment and other support to the Town's fire department. The non-profits revenue is received from interest, dues, donations, and gross proceeds from the Marion Mayhaw Festival. The Town pays some expenses related to the Mayhaw Festival; however, these expenses are limited to advertisements, sanitation, music and security charges. The Town also pays for some of the educational and insurance charges related to the members. The transactions of the Marion Volunteer Fire Department's separate cash accounts were not audited or reviewed other than those transactions covered by the General Fund financial statements. It has been determined that the non-profit corporation is not a component unit of the Town.

19. Subsequent Events

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through March 30, 2026, the date the financial statements were available to be issued.

The Louisiana Department of Health graded water systems across the state. The Town water system received an F and is in the process of trying to obtain funding and training to improve the quality of the water system.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF MARION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2024

				<u>Schedule 1</u>
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
	<u>Budget</u>	<u>Budget</u>		<u>Positive</u>
				<u>(Negative)</u>
BUDGETARY FUND BALANCE				
BEGINNING OF YEAR	\$ 407,842	\$ 407,842	\$ 371,909	\$ (35,933)
Resources				
Property Taxes	59,000	50,000	85,416	35,416
Franchise Taxes	49,600	53,375	53,348	(27)
Sales Taxes	135,000	110,000	94,227	(15,773)
Licenses and Permits	46,490	45,550	43,299	(2,251)
Intergovernmental	7,160	554,050	22,412	(531,638)
Sanitation Fees	65,000	70,000	68,580	(1,420)
Fines	70,000	90,000	94,299	4,299
Interest Income	2,000	1,700	2,080	380
Miscellaneous	16,750	19,255	14,496	(4,759)
Transfers From Other Funds	-	-	-	-
Total Resources	<u>451,000</u>	<u>993,930</u>	<u>478,157</u>	<u>(515,773)</u>
Amounts available for appropriations	<u>858,842</u>	<u>1,401,772</u>	<u>850,066</u>	<u>(551,706)</u>
Charges to appropriations				
Current				
General Government	150,000	186,660	162,316	24,344
Police Protection	160,000	180,265	195,997	(15,732)
Fire Protection	34,500	32,220	29,861	2,359
Public Works	85,000	85,250	64,033	21,217
Sanitation Department	19,500	15,475	16,175	(700)
Parks: Culture and Recreation	2,000	14,630	14,853	(223)
Debt Service	-	-	16,064	(16,064)
Capital Outlay	-	-	19,996	(19,996)
Transfers To Other Funds	-	-	-	-
Total Charges to appropriations	<u>451,000</u>	<u>514,500</u>	<u>519,295</u>	<u>(4,795)</u>
BUDGETARY FUND BALANCE				
END OF YEAR	<u>\$ 407,842</u>	<u>\$ 887,272</u>	<u>\$ 330,771</u>	<u>\$ (556,501)</u>

See accompanying independent auditor's report.

TOWN OF MARION
ARPA FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2024

				<u>Schedule 1</u>
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
BUDGETARY FUND BALANCE				
BEGINNING OF YEAR	\$ 175,310	\$ 175,310	\$ 175,310	\$ -
Resources				
Intergovernmental	-	-	-	-
Interest Income	800	731	735	4
Total Resources	<u>800</u>	<u>731</u>	<u>735</u>	<u>4</u>
Amounts available for appropriations	<u>176,110</u>	<u>176,041</u>	<u>176,045</u>	<u>4</u>
Charges to appropriations				
Current				
General Government	-	-	-	-
Police Protection	-	-	-	-
Fire Protection	-	-	-	-
Public Works	-	-	-	-
Sanitation Department	-	-	-	-
Culture and Recreation	-	-	-	-
Repairs and Maintenance	60,000	51,891	-	51,891
Capital Outlay	-	19,662	-	19,662
Transfers To Other Funds	-	-	82,078	(82,078)
Total Charges to appropriations	<u>60,000</u>	<u>71,553</u>	<u>82,078</u>	<u>(10,525)</u>
BUDGETARY FUND BALANCE				
END OF YEAR	<u>\$ 116,110</u>	<u>\$ 104,488</u>	<u>\$ 93,967</u>	<u>\$ (10,521)</u>

See accompanying independent auditor's report.

TOWN OF MARION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024

Note: General Budget Practices

A proposed budget is prepared and submitted by the Mayor to the Town Council prior to the beginning of each year. A proposed budget ordinance is published in the Town's official journal several weeks before the scheduled meeting to finalize the budgets. After budgets are published for public inspection, the budgets are adopted through the passage of the ordinance at the Town's December board meeting.

The operating budget is prepared on a basis used by the Town which is basically a cash basis. The Town prepares annual budgets for the general and enterprise funds. Budget amendments are approved by the Town Council and are also approved by ordinance.

All budgetary appropriations lapse at the end of each year.

OTHER SUPPLEMENTAL INFORMATION

TOWN OF MARION
SCHEDULE OF COMPENSATION PAID TO THE ELECTED OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2024

Alderman Channing Washington	\$	1,200
Alderman Eugene Hoggatt		1,200
Alderman Mark Andrews		1,200
Alderwoman Rhonda Davis		1,200
Alderwoman Tina Harris		500
Alderman William L Farr		500
Alderman Erik Redd		100
Police Chief Montral Ferguson		55,443
Mayor Danny Smith		6,000

TOWN OF MARION
SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2024

Agency Head
Danny Smith, Mayor

Salary \$ 6,000

Benefits

Benefits - Retirement 180

Travel 877

Total Benefits 1,057

Total \$ 7,057

TOWN OF MARION
LCDBG PROJECTS
BALANCE SHEET
DECEMBER 31, 2024

	Sewer Treatment	Total
<u>Assets</u>		
Grants Receivable - LCDBG	\$ -	\$ -
Due from Other Funds	-	-
	-	-
<u>Total Assets</u>	\$ -	\$ -
<u>Liabilities and Fund Balance</u>		
Accounts Payable	\$ -	\$ -
Retainage Payable	-	-
Total Liabilities	-	-
<u>Fund Balance</u>	-	-
<u>Total Liabilities and Fund Balance</u>	\$ -	\$ -

TOWN OF MARION
LCDBG PROJECTS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Sewer Treatment</u>	<u>Total</u>
<u>Revenues</u>		
Grant Proceeds	\$ 470,154	\$ 470,154
Local Sources	-	-
Total	470,154	470,154
<u>Expenses</u>		
Engineering	26,890	26,890
Other Professional Services	-	-
Construction	443,264	443,264
Total	470,154	470,154
<u>Excess Revenues Over Expenditures</u>	-	-
<u>Fund Balance - Beginning</u>	-	-
<u>Fund Balance - Ending</u>	\$ -	\$ -

TOWN OF MARION
JUSTICE SYSTEM FUNDING SCHEDULE – COLLECTING/DISBURSING ENTITY
AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION
CASH BASIS ORESENTATION
FOR THE YEAR ENDED DECEMBER 31, 2024

	First Six Month Period Ended 6/30/2024	Second Six Month Period Ended 12/31/2024
Beginning Balance of Amounts Collected (i.e. cash on hand)	<u>\$ 791</u>	<u>\$ 660</u>
Add: Collections		
Criminal Court Costs/Fees	9,413	11,828
Criminal Fines - Other	<u>31,810</u>	<u>41,248</u>
Subtotal Collections	41,223	53,076
Less: Disbursements to Governments & Nonprofits:		
LA Comm on Law Enforcement - Criminal Fines Other	310	400
DHH-TH/SCI T.F. - Criminal Fines Other	405	530
North Louisiana Crime Lab	4,259	4,990
Louisiana Supreme Court - Criminal Fine - Other	76	91
Treasurer, State of Louisiana, CMIS - Criminal Fines - Other	150	182
Union Parish Crimestoppers	286	364
Less: Amounts Retained by Collecting Agency		
Criminal Fines - Other	27,678	35,558
Criminal Court Costs	<u>8,190</u>	<u>10,196</u>
Subtotal Disbursements/Retainage	41,354	52,311
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	<u>\$ 660</u>	<u>\$ 1,425</u>

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*



PREMIER PLAZA
1900 N. 18TH STREET, SUITE 300 | MONROE, LOUISIANA 71201
318.388.3108 (P) | 318.429.2124 (F)

Honorable Danny Smith, Mayor
Members of the Board of Alderman
Town of Marion, Louisiana

INDEPENDENT AUDITORS' 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

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 statements of the governmental activities, the business-type activities, and each major fund, of the Town of Marion, Louisiana (the Town), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 30, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 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; therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-004. We consider item 2024-001 to be a significant deficiency, and item 2024-004 to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2024-002, 2024-003, and 2024-005

Town of Marion, Louisiana's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Heard, McElroy & Vestal, LLC

Monroe, Louisiana
March 30, 2026



PREMIER PLAZA
1900 N. 18TH STREET, SUITE 300 | MONROE, LOUISIANA 71201
318.388.3108 (P) | 318.429.2124 (F)

Honorable Danny Smith, Mayor
Members of the Board of Alderman
Town of Marion, Louisiana

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Town of Marion, Louisiana's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Town of Marion, Louisiana's major federal programs for the year ended December 31, 2023. The Town of Marion, Louisiana's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, The Town of Marion, Louisiana 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 the major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of The Town of Marion, Louisiana and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of The Town of Marion, Louisiana's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Town of Marion, Louisiana's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Marion, Louisiana's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about The Town of Marion, Louisiana's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Town of Marion, Louisiana's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Town of Marion, Louisiana's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 The Town of Marion, Louisiana's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Heard, McElroy & Vestal, LLC

Monroe, Louisiana
March 30, 2026

TOWN OF MARION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

We have audited the financial statements of the governmental activities and each major fund of the Town of Marion, as of and for the year ended December 31, 2024, which collectively comprise the basic financial statements and have issued our report thereon dated March 30, 2026. 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. Our audit of the financial statements as of December 31, 2024, resulted in an unmodified opinion.

Section I Summary of Auditor's Results

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness X yes no

Significant Deficiencies not considered to be
Material Weaknesses X yes no

Compliance

Noncompliance Material to Financial Statements X yes no

B. Federal Awards

Material Weakness Identified yes X no

Significant Deficiencies not considered to be
Material Weaknesses yes X no

Type of Opinion on Compliance for Major Programs

Unmodified X Qualified

Disclaimer Adverse

Are there findings required to be reported in accordance with Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), subpart F? No

C. Identification of Major Programs:

Name of Federal Program (or cluster):

U.S. Department of Treasury

– Coronavirus State and Local Government Recovery Funds

AL Number 21.027

Dollar threshold used to distinguish between Type A and Type B Programs. \$750,000

Is the auditee a “low risk” auditee, as defined by Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), subpart F? No

TOWN OF MARION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Section II Financial Statement Findings

2024-001 Segregation of Duties

Criteria

Good internal control procedures require that an entity separate certain duties by personnel.

Condition

Due to the small number of administrative personnel, the Town did not have adequate segregation of duties.

Cause

The Town cannot afford to hire enough people to separate duties.

Effect

The Town could be susceptible to misuse of its assets or fraud.

Recommendation

The Mayor and/or someone on the Town Council should continue to review bank reconciliations and bank statements each month.

Name of Contact Person

Danny Smith, Mayor

Corrective Action Planned/Management's Response

The Town feels that the cost of hiring more staff far exceeds its benefits.

2024-002 Unfavorable Budget Variance

Criteria:

Louisiana Revised Statute 39:1311 requires the Town to amend its budget if there is a 5% or greater shortage in actual revenues as compared to budgeted revenues or a 5% or greater overage in actual expenditures as compared to budgeted expenditures.

Condition:

The Town's actual revenues were lower than budgeted revenues by greater than 5%.

Cause:

The town amended the budget to include grant revenue that was not received on the general fund and did not match grant revenue.

Effect:

The Town is not in compliance with state budget law.

TOWN OF MARION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Recommendation:

The Town should review grant revenue classification, review monthly financial statements at council meetings, and make appropriate budget amendments to appropriately plan for expenditures.

Name of Contact Person

Danny Smith, Mayor

See attached corrective action plan

2024-003 Compliance with Annual Filing Deadline for the Louisiana Legislative Auditor and the Federal Audit Clearinghouse

Criteria: Louisiana Revised Statute 24:513 requires that all local auditees submit their audited financial statements to the Louisiana Legislative Auditor (LLA) no later than six months after their fiscal year end. The Federal Audit Clearing house requires the audit report to be submitted to by at least 9 months after the fiscal year end.

Condition: The audit report was submitted after the statutory deadline.

Cause: Staffing limitations and turnover in the finance function, combined with incomplete financial records, contributed to these delays. In addition, the Town's engaged audit firm merged with another firm during the audit period, which further delayed the scheduling and completion of the audit.

Effect: The Town is not in compliance with Louisiana reporting requirements, which will prevent the town from receiving state funding. In addition, these delays hinder management's ability to timely address the issues identified in the audit report.

Recommendation: The Town should strengthen its year-end financial reporting process by establishing a clear timeline that ensures records are complete and audit-ready well before the statutory filing deadline. Management should address staffing limitations through cross-training, workload adjustments, or temporary support to reduce delays caused by turnover or resource gaps. The Town should also improve the timeliness and completeness of financial records by performing regular reconciliations and reviews throughout the year. Finally, proactive coordination with the external auditor—particularly during periods of firm transition—will help secure timely scheduling and prevent future reporting delays.

Name of Contact Person: Danny Smith, Mayor

See attached corrective action plan

TOWN OF MARION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

2024-004 Internal Control Over Accounting Practices

Condition: The Town has not established or consistently applied sufficient internal controls over key accounting processes, including cash reconciliations, journal entries, revenue recognition and classification, and compliance with established financial policies. During the audit, several control deficiencies were noted, including:

- Bank and general ledger reconciliations contained errors, and reconciling items were not researched or cleared in a timely manner.
- Journal entries were recorded without adequate supporting documentation and lacked evidence of independent review or approval.
- Revenue transactions were recorded in incorrect funds, and certain entries included inappropriate debits to revenue accounts, indicating insufficient review and oversight.
- Subsequent to year end the town has not been recording or remitting its required justice system funding disbursements.

Criteria: An effective system of internal control should provide reasonable assurance that transactions are properly authorized, recorded, and reported in accordance with applicable accounting standards and policies, and that duties are adequately segregated to reduce the risk of error or fraud. Management is responsible for designing, implementing, and maintaining internal controls sufficient to ensure reliable financial reporting.

Cause: The identified weaknesses appear to result from a combination of limited accounting staff, turnover in key finance positions, and the absence of formally documented procedures and monitoring activities. In some cases, management has relied on compensating controls of after-the-fact review rather than implementing preventive and detective controls within the accounting processes.

Effect: The absence of adequately designed and consistently implemented internal controls increases the risk of inaccurate financial reporting and misstatements within the Town's financial records. Errors in accounting processes reduce the reliability of financial information used by management, the governing body, and external stakeholders. These

TOWN OF MARION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

weaknesses also elevate the risk of undetected fraud, unauthorized transactions, and noncompliance with the Town's financial policies. Furthermore, the control deficiencies may lead to audit adjustments, delays in financial reporting, and diminished confidence in the Town's financial management practices.

Recommendation: Management should perform a comprehensive assessment of internal controls of all significant accounting processes and:

- Develop and formally document policies and procedures for key accounting cycles.
- Strengthen segregation of duties by reallocating responsibilities, adding review controls, or implementing compensating controls where staffing is limited.
- Establish requirements for timely preparation and independent review of reconciliations and journal entries, including documentation standards,
- Implement ongoing monitoring procedures (such as periodic internal reviews) to ensure that controls are operating as designed and deficiencies are addressed promptly.

Name of Contact Person: Danny Smith, Mayor

See attached corrective action plan

2024-005 Operating Losses on the Enterprise Fund

Criteria: The Town should fix and maintain rates and collect charges for all service and facilities to be rendered by the water and sewer system sufficient to provide for the payment of the reasonable and necessary expense of administration, operation and maintenance of the system.

Condition: In 2024 Town had an operating loss of \$165,166 on the business-type activities.

Cause: The current rate structure is insufficient to provide for the payment of the reasonable and necessary expenses of administration, operation, and maintenance of the water and sewer system.

Effect: The Town continues to incur operating losses and struggles to pay bills as they come due, including maintenance to the water and sewer systems, and payroll.

TOWN OF MARION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Recommendation: We recommend that management and the Council continue to explore options to increase operating revenues and/or decrease expenditures/expenses. Water and sewer rates must be sufficient to operate, maintain, repair, and update the systems.

Name of Contact Person: Danny Smith, Mayor

See attached corrective action plan

TOWN OF MARION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Section III Federal Award Findings and Questioned Costs

None.

TOWN OF MARION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

2023-01 Segregation of Duties

Condition

Due to the small number of administrative personnel, the Town did not have adequate segregation of duties.

Recommendation

The Mayor and/or someone on the Town Council should review bank reconciliations and bank statements each month.

Current Status

Finding is repeated as 2024-001.

2023-002 Unfavorable Budget Variance

Criteria:

Louisiana Revised Statute 39:1311 requires the Town to amend its budget if there is a 5% or greater shortage in actual revenues as compared to budgeted revenues or a 5% or greater overage in actual expenditures as compared to budgeted expenditures.

Condition:

The Town's actual revenues were lower than budgeted revenues, and actual expenditures for the year exceeded budgeted expenditures, both by greater than five percent.

Cause:

The Town did not amend its budget for the variances on revenues and expenditures.

Effect:

The Town is not in compliance with state budget law.

Recommendation:

The Town should continue to monitor revenues and expenditures throughout the year to ensure actual revenues and expenditures are within the five percent variance of the budgeted revenues and expenditures.

Response:

The Town will continue to monitor revenues and expenditures throughout the year as compared to budgeted revenues and expenditures and amend budgets in compliance with Louisiana Revised Statute 39:1311.

Current Status

Finding is repeated as 2024-002.

TOWN OF MARION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

Federal Grants/Pass Through Grantor/Program Title	Assistance Listing Number	Agency or Pass-Through Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Louisiana Division of Administration			
Office of Community Development			
Community Development Block Grants	14.228	B-20-DW-22-0001	\$ 13,154
Community Development Block Grants	14.228	B-22-DC-22-0001	470,154
Total U.S. Department of Housing and Urban Development			<u>483,308</u>
<u>U.S. Department of the Treasury</u>			
Direct - COVID-19 - Coronavirus State and Local			
Fiscal Recovery Funds	21.027	N/A	82,078
Passed through Louisiana Division of Administration			
Office of Community Development	21.027	N/A	<u>1,279,126</u>
Total U.S. Department of the Treasury			<u>1,361,204</u>
Total Federal Expenditures			<u><u>\$ 1,844,512</u></u>

TOWN OF MARION
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

1. General

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Town of Marion, Louisiana. The Town of Marion, Louisiana reporting entity is defined in Note 1 to the Town's financial statements. All federal award programs received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

2. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Town's financial statements. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. Federal Indirect Cost Rate

The Town of Marion, Louisiana did not elect to use the 10% de minimis federal indirect cost rate for the year ended December 31, 2024.



Town of Marion

398 Main St.
Marion, LA 71260
Telephone: (318) 292-4715
Fax: (318) 292-4717



Corrective Action Plan

3/30/2026

Heard, McElroy, and Vestal, LLC
1900 N 18th St Suite 300
Monroe, Louisiana 71207

Town of Marion respectfully submits the following corrective action plan for the year ended December 31, 2024.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the Schedule.

Section 2: Financial Statement Findings

- 2024-001: The Town feels that the cost of hiring more staff far exceeds its benefits.
- 2024-002: The Town will continue to monitor revenues and expenditures throughout the year as compared to budgeted revenues and expenditures and amend budgets in compliance with Louisiana Revised Statute 39:1311.
- 2024-003: The town will work to prepare the accounting records sufficiently to ensure that the audit process can be completed in a timely manner. The town has engaged with a consulting CPA firm to ensure the completeness and accuracy of the accounting records.
- 2024-004: The Town will work to develop formal accounting policies and procedures, establish review controls, and work with a consulting CPA firm to monitor and ensure accounting policies are sound and being followed.
- 2024-005: The Town will closely monitor expenditures within the Enterprise funds to ensure that they do not exceed revenues. The Town will also consider, if necessary, increasing rates to ensure that revenues meet the expenditures.

Anticipated Completion Date: June 30, 2026

Name of Contact Person Responsible for Corrective Action: Danny Smith, Mayor



Sincerely yours,

Mayor Danny A. Smith
Mayor

03/30/24

Town of Marion

398 Main St.

Marion, LA 71260

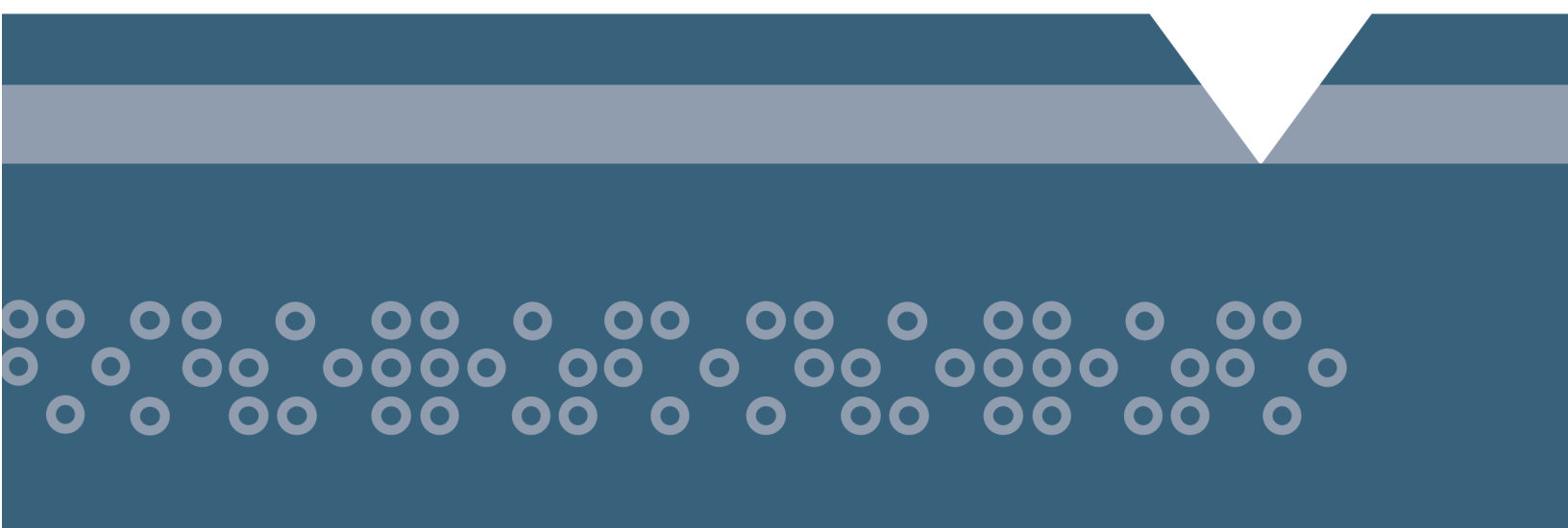
Telephone: (318) 292-4715

Fax: (318) 292-4717



Town of Marion
Marion, Louisiana

Agreed-Upon Procedures
December 31, 2024





PREMIER PLAZA
1900 N. 18TH STREET, SUITE 300 | MONROE, LOUISIANA 71201
318.388.3108 (P) | 318.429.2124 (F)

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2024**

To the Town of Marion, Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2024 through December 31, 2024. The Town of Marion's management is responsible for those C/C areas identified in the SAUPs.

The Town of Marion has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2024 through December 31, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) *Written Policies and Procedures*

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:¹
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.

¹ For governmental organizations, the practitioner may eliminate those categories and subcategories not applicable to the organization's operations. For quasi-public organizations, including nonprofits, the practitioner may eliminate those categories and subcategories not applicable to public funds administered by the quasi-public.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- i) **Ethics²**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Findings: Twenty-two exceptions found for the above topics not being discussed in the written policies and procedures.

² The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the nonprofit should have written policies and procedures relating to ethics.

2) Board or Finance Committee³

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds⁴, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds⁵ if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.⁶

Findings: One exception noted for no budget-to-actual comparisons being mentioned in the board meeting minutes.

³ These procedures are not applicable to entities managed by a single elected official, such as a sheriff or assessor.

⁴ Proprietary fund types are defined under GASB standards and include enterprise and internal service funds. The related procedure addresses these funds as a way to verify that boards are provided with financial information necessary to make informed decisions about entity operations, including proprietary operations that are not required to be budgeted under the Local Government Budget Act.

⁵ R.S. 24:513 (A)(1)(b)(iv) defines public funds.

⁶ No exception is necessary if management's opinion is that the cost of taking corrective action for findings related to improper segregation of duties or inadequate design of controls over the preparation of the financial statements being audited exceeds the benefits of correcting those findings.

3) Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts⁷ (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Findings: Two exceptions noted with outstanding checks and inadequate documentation for the checks.

4) Collections (excluding electronic funds transfers)⁸

- A. Obtain a listing of deposit sites⁹ for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations¹⁰ and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

⁷ Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

⁸ The Collections category is not required to be performed if the entity has a third-party contractor performing all collection functions (e.g., receiving collections, preparing deposits, and making deposits).

⁹ A deposit site is a physical location where a deposit is prepared and reconciled.

¹⁰ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit. For example, in a school district a collection location may be a classroom and a deposit site may be the school office. For school boards only, the practitioner should consider the deposit site and collection location to be the same if there is a central person (secretary or bookkeeper) through which collections are deposited.

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and
- i. Observe that receipts are sequentially pre-numbered.¹¹
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt¹² at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

Findings: No exceptions noted.

5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 9. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;

¹¹ The practitioner is not required to test for completeness of revenues relative to classroom collections by teachers.

¹² As required by Louisiana Revised Statute 39:1212.

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT)¹³, wire transfer, or some other electronic means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

- 10. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- 11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

Findings: No exceptions.

¹³ Electronic disbursements do not include transfers from one bank account to another within the agency (i.e. operating account to payroll account).

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards¹⁴. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., itemized receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection)¹⁵. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Findings: Two exceptions noted for missing documentation of itemized receipt and public purpose of purchase.

7) Travel and Travel-Related Expense Reimbursements¹⁶ (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
 - i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana (doa.la.gov/doa/ost/ppm-49-travel-guide/) or the U.S. General Services Administration (www.gsa.gov);

¹⁴ Including cards used by school staff for either school operations or school activity fund operations.

¹⁵ For example, if 3 of the 5 cards selected were fuel cards, transactions would only be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #6B were fuel cards, procedure #6C would not be applicable.

¹⁶ Non-travel reimbursements are not required to be inspected under this category.

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: No exceptions noted.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and
 - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law¹⁷ (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Findings: No exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials¹⁸ employed during the fiscal period and management’s representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

¹⁷ If the entity has adopted the state Procurement Code, replace “Louisiana Public Bid Law” (R.S. 38:2211 *et seq*) with “Louisiana Procurement Code.”

¹⁸ “Officials” would include those elected, as well as board members who are appointed.

- i. Observe that all selected employees or officials¹⁹ documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums) have been paid, and any associated forms have been filed, by required deadlines.

Findings: One exception noted for an error on paid leave rate.

10) Ethics²⁰

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- a. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - b. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
23. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Findings: Exceptions noted, three employees did not complete the required training.

¹⁹ Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.

²⁰ The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the procedures should be performed.

11) Debt Service²¹

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Findings: There was no newly issued debt during the fiscal year, no exceptions noted.

12) Fraud Notice²²

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings: No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

Perform the following procedures

- A. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- B. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- C. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

²¹ This AUP category is generally not applicable to nonprofit entities. However, if applicable, the procedures should be performed.

²² Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs. The notice is available for download at www.la.gov/hotline

- D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267²³. The requirements are as follows:
- Hired before June 9, 2020 - completed the training; and
 - Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Findings: We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment²⁴

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Findings: Exceptions noted where three employees did not complete the required training.

²³ While it appears to be a good practice for charter schools to ensure its employees are trained to keep their information technology assets safe from cyberattack, charter schools do not appear required to comply with 42:1267. An individual charter school, though, through specific provisions of its charter, may mandate that all employees/officials receive cybersecurity training.

²⁴ While it appears to be a good practice for charter schools to ensure it has policies and training for sexual harassment, charter schools do not appear required to comply with the Prevention of Sexual Harassment Law (R.S. 42:341 et seq). An individual charter school, through the specific provisions of its charter, may mandate sexual harassment training.

Management's Response

We agree with the results of the procedures and will address the identified exceptions.

We were engaged by The Town of Marion to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of **Town of Marion** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Heard, McElroy & Vestal, LLC

Monroe, LA
March 30, 2026