

TOWN OF MARION
MARION, LOUISIANA

Financial Report
For the Year Ended December 31, 2021



TOWN OF MARION
MARION, LOUISIANA
FOR THE YEAR ENDED DECEMBER 31, 2021

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MARION, LOUISIANA
FOR THE YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen of the
Town of Marion, Louisiana

Opinions

I have audited the accompanying 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, 2021, 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 my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town as of December 31, 2021, and the respective changes in the 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

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Town and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

My 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 auditor's report that includes my opinions. Reasonable assurance is a high level of assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- 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.

I am 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 through 8 and page 42 through 43, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted by the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information of consistency with management's response to my inquires, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion, or provide any form of assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements as a whole. The accompanying other supplementary information, as listed the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 28, 2022, on my consideration of the Town's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

Maxwell CPA, LLC
Monroe, Louisiana
June 28, 2022

REQUIRED SUPPLEMENTAL INFORMATION (PART A)
MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF MARION, LOUISIANA

Management's Discussion and Analysis **Year Ended December 31, 2021**

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, 2021. 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 the 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 42 and 43, which compares actual revenues and expenditures to the original budget and amended budget figures. The original budget was adopted December 2020, and it was amended December 2021.

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 19-41.

**Town of Marion, Louisiana
Management's Discussion and Analysis
December 31, 2021**

Government-Wide Financial Analysis

Overall, the Town's financial position and results of its operation did not improve in 2021. The largest percentage of the total assets is the Town's investment in net capital assets. The Town has outstanding debt of \$1,318,485, which was used to finance some of the \$7,498,386 of capital assets. (For more detailed information on the Town's debt and capital assets, see pages 33-39.) The total liabilities of \$1,370,749 are 40% of the total net position.

The following table reflects the condensed statement of net position at December 31, 2021.

	Governmental Activities	Business-Type Activities	2021 Total	2020 Total
<u>Assets</u>				
Current Assets	\$ 573,905	\$ 147,642	\$ 721,547	\$ 643,256
Restricted Assets	13,400	422,186	435,586	416,084
Capital Assets Net of Accumulated Depreciation	847,646	2,838,707	3,686,353	3,877,943
Total Assets	1,434,951	3,408,535	4,843,486	4,937,283
<u>Liabilities</u>				
Current Liabilities	12,203	66,367	78,570	82,836
Non-Current Liabilities	79,093	1,213,086	1,292,179	1,319,170
Total Liabilities	91,296	1,279,453	1,370,749	1,402,006
<u>Net Position</u>				
Investment in Capital Assets	768,077	1,598,577	2,366,654	2,526,491
Restricted for Debt Service	13,400	395,831	409,231	390,900
Restricted	136,476	-	136,476	-
Unrestricted	425,702	134,674	560,376	617,886
Total Net Position	\$ 1,343,655	\$ 2,129,082	\$ 3,472,737	\$ 3,535,277

The Town's governmental activities increased the net position by \$46,632. The total business-type activities decreased the Town's net position by \$109,172. Below is a summary of the statement of activities.

Town of Marion, Louisiana
Management's Discussion and Analysis
December 31, 2021

	Governmental Activities	Business-Type Activities	2021 Total	2020 Total
<u>Revenues</u>				
Program Revenues	\$ 237,231	\$ 292,458	\$ 529,689	\$ 503,004
General Revenues	255,394	63,935	319,329	332,871
Transfers	(29,500)	29,500	-	-
Total Revenues	463,125	385,893	849,018	835,875
<u>Expenses</u>				
General and Administrative	112,893	-	112,893	106,535
Police Protection	164,732	-	164,732	155,993
Fire Protection	42,717	-	42,717	34,661
Public Works	68,736	-	68,736	66,635
Sanitation	20,056	-	20,056	30,211
Culture and Recreation	3,958	-	3,958	4,505
Water & Sewer	-	495,065	495,065	472,225
Interest on Long-Term Debt	3,401	-	3,401	3,501
Total Expenses	416,493	495,065	911,558	875,266
Increase (Decrease) in Net Position	46,632	(109,172)	(62,540)	(39,391)
<u>Net Position - January 1, 2021</u>	1,297,023	2,238,254	3,535,277	3,574,668
<u>Net Position - December 31, 2021</u>	<u>\$ 1,343,655</u>	<u>\$ 2,129,082</u>	<u>\$ 3,472,737</u>	<u>\$ 3,535,277</u>

Program Revenues are broken down as follows:

<u>Program Revenues</u>	<u>Total</u>	<u>% of Program Revenues</u>
ARPA Grant	\$ 136,476	25%
Public Safety – Charges	12,973	2%
Public Safety - Grants	6,000	1%
Public Works - Charges	5,560	1%
Fire Protection	3,300	1%
Sanitation	71,235	13%
Sanitation – Grants	1,687	1%
Culture and Recreation - Grant	-	0%
LCDBG Grant	-	0%
Water - Charges	237,980	45%
Water - Grants	2,000	1%
Sewer - Charges	52,478	10%
Total Program Revenues	\$ 529,689	

**Town of Marion, Louisiana
Management's Discussion and Analysis
December 31, 2021**

General Revenues consist of the following:

<u>General Revenues</u>	<u>Total</u>	<u>% of General Revenues</u>
Property Taxes	\$ 56,428	18%
Sales Taxes	157,271	49%
Franchise Taxes	40,544	13%
Alcoholic Beverage Tax	1,332	1%
Licenses & Permits	45,094	13%
Interest Income	3,529	1%
Miscellaneous	15,131	5%
Total General Revenues	\$ 319,329	

Financial Analysis of the Government's Funds

The Town of Marion's governmental funds reported an ending fund balance of \$578,222, which is an increase of \$85,694. This increase is mainly attributed to the receipt of ARPA funding which has not been spent yet. The Town's proprietary fund shows an ending net position of \$2,129,082, which is a decrease of \$109,172. The primary reason for the decrease in the proprietary funds is depreciation expense on 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 a decrease of \$4,053. Revenues were \$15,924 less on the amended budget than the original budget.

Capital Assets and Debt Administration

The total investment in net capital assets as of December 31, 2021 is \$3,686,353. There were no new major capital asset additions in 2021.

In 2021, the Town paid the USDA for loans in the general fund and water fund totaling \$85,826, which included \$54,073 in interest and \$31,753 in principal, which left an unpaid principal balance of \$1,318,485.

The Town paid off a loan with Marion State Bank during the year.

Current Financial Factors

The Town received its allocation of ARPA funds during 2021. The Town will be working to determine the best use of the funds in 2022 and beyond.

All other financial factors seem to be holding close to normal for 2022.

Town of Marion, Louisiana
Management's Discussion and Analysis
December 31, 2021

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 Johnnie Baker, Town Clerk, Marion, Louisiana. The phone number is 318-292-4715.

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF MARION
MARION, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 506,362	\$ 61,885	\$ 568,247
Investments	15,918	35,246	51,164
Receivables Net	31,414	48,783	80,197
Grants Receivable	-	-	-
Due To/From Other Funds	5,730	(5,730)	-
Due From Other Governments	355	-	355
Prepaid Items	14,126	7,458	21,584
Restricted Cash and Cash Equivalents	13,400	257,558	270,958
Restricted Investments	-	164,628	164,628
Capital Assets:			
Land	45,597	33,007	78,604
Buildings	540,302	345,157	885,459
Improvements	136,778	-	136,778
Infrastructure	584,459	4,655,075	5,239,534
Furniture and Equipment	731,243	426,768	1,158,011
Less Accumulated Depreciation	(1,190,733)	(2,621,300)	(3,812,033)
Capital Assets, Net of Depreciation	<u>847,646</u>	<u>2,838,707</u>	<u>3,686,353</u>
<u>TOTAL ASSETS</u>	<u>\$ 1,434,951</u>	<u>\$ 3,408,535</u>	<u>\$ 4,843,486</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 5,674	\$ 6,201	\$ 11,875
Accrued Liabilities	3,409	2,168	5,577
Current Portion of Long-Term Obligations	-	-	-
Non-Current Portion of Long-Term Obligations	2,644	-	2,644
Paid out of Restricted Assets:			
Accrued Interest Payable	1,214	1,099	2,313
Customer Deposits	-	29,855	29,855
Current Portion of Long-Term Obligations	1,906	27,044	28,950
Non-Current Portion of Long-Term Obligations	76,449	1,213,086	1,289,535
<u>TOTAL LIABILITIES</u>	91,296	1,279,453	1,370,749
<u>NET POSITION</u>			
Net Investment in Capital Assets	768,077	1,598,577	2,366,654
Restricted for Debt Service	13,400	395,831	409,231
Restricted	136,476	-	136,476
Unrestricted, Unreserved	<u>425,702</u>	<u>134,674</u>	<u>560,376</u>
<u>TOTAL NET POSITION</u>	<u>\$ 1,343,655</u>	<u>\$ 2,129,082</u>	<u>\$ 3,472,737</u>

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

TOWN OF MARION
MARION, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Government Activities:				
General and Administrative	\$ 112,893	\$ -	\$ -	\$ 136,476
Police Protection	164,732	12,973	6,000	-
Fire Protection	42,717	-	3,300	-
Public Works	68,736	5,560	-	-
Sanitation	20,056	71,235	1,687	-
Culture and Recreation	3,958	-	-	-
Interest on Long-Term Debt	3,401	-	-	-
Total Governmental Activities	416,493	89,768	10,987	136,476
Business-Type Activities:				
Water	348,026	237,980	-	2,000
Sewer	147,039	52,478	-	-
Total Business-Type Activities	495,065	290,458	-	2,000
<u>Total Government</u>	<u>\$ 911,558</u>	<u>\$ 380,226</u>	<u>\$ 10,987</u>	<u>\$ 138,476</u>

General Revenues:

Taxes:

Property Taxes Levied for General Purposes

Franchise Taxes

Sales Taxes

Alcoholic Beverage Tax

Licenses and Permits

Interest Income

Miscellaneous

Transfers

Total General Revenues, Special Items and Transfers

Changes in Net Position

Net Position - Beginning

Net Position - Ending

Net (Expense) Revenue and
Changes in Net Assets
Primary Government

Governmental Activities	Business-Type Activities	Total
\$ 23,583	\$ -	\$ 23,583
(145,759)	-	(145,759)
(39,417)	-	(39,417)
(63,176)	-	(63,176)
52,866	-	52,866
(3,958)	-	(3,958)
(3,401)	-	(3,401)
<u>(179,262)</u>	-	<u>(179,262)</u>
-	(108,046)	(108,046)
-	(94,561)	(94,561)
<u>-</u>	<u>(202,607)</u>	<u>(202,607)</u>
(179,262)	(202,607)	(381,869)
56,428	-	56,428
40,544	-	40,544
94,363	62,908	157,271
1,332	-	1,332
45,094	-	45,094
2,502	1,027	3,529
15,131	-	15,131
(29,500)	29,500	-
<u>225,894</u>	<u>93,435</u>	<u>319,329</u>
46,632	(109,172)	(62,540)
<u>1,297,023</u>	<u>2,238,254</u>	<u>3,535,277</u>
<u>\$ 1,343,655</u>	<u>\$ 2,129,082</u>	<u>\$ 3,472,737</u>

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

FUND FINANCIAL STATEMENTS

TOWN OF MARION
MARION, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General Fund	ARPA Fund	Capital Projects Fund	Total Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 506,161	\$ -	\$ 201	\$ 506,362
Investments	15,918	-	-	15,918
Receivables Net				
Ad Valorem Taxes	2,634	-	-	2,634
Sales and Use Taxes	25,466	-	-	25,466
Franchise Fees Receivable	3,314	-	-	3,314
Due From Other Governments				
Louisiana Beer Tax Distribution	355	-	-	355
Grant Receivable - LCDBG	-	-	-	-
Prepaid Items	14,126	-	-	14,126
Restricted Assets: Cash and Cash Equivalents	13,400	-	-	13,400
Due From Other Funds	6,430	136,476	-	142,906
	<u>587,804</u>	<u>136,476</u>	<u>201</u>	<u>724,481</u>
<u>TOTAL ASSETS</u>	<u>\$ 587,804</u>	<u>\$ 136,476</u>	<u>\$ 201</u>	<u>\$ 724,481</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 5,674	\$ -	\$ -	\$ 5,674
Due To Other Funds	137,176	-	-	137,176
Accrued Liabilities	3,409	-	-	3,409
Total Liabilities	146,259	-	-	146,259
<u>FUND BALANCES</u>				
Nonspendable	14,126	-	-	14,126
Restricted for Debt Service	13,400	-	-	13,400
Restricted	-	136,476	-	136,476
Assigned	-	-	-	-
Unassigned	414,019	-	201	414,220
Total Fund Balance	441,545	136,476	201	578,222
	<u>587,804</u>	<u>136,476</u>	<u>201</u>	<u>724,481</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 587,804</u>	<u>\$ 136,476</u>	<u>\$ 201</u>	<u>\$ 724,481</u>

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

TOWN OF MARION
MARION, LOUISIANA
RECONCILIATION OF GOVERNMENTAL
FUND BALANCE TO STATEMENT OF NET POSITION
DECEMBER 31, 2021

Total Governmental Fund Balances \$ 578,222

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	2,038,379	
Less: Accumulated Depreciation	<u>(1,190,733)</u>	847,646

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	(2,644)	
Notes Payable - Marion State Bank	-	
Bonds Payable - Fire Station Project	(78,355)	
Accrued Interest Payable	<u>(1,214)</u>	<u>(82,213)</u>

Net Position of Governmental Activities \$ 1,343,655

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

TOWN OF MARION
MARION, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund	ARPA Fund	Capital Projects Fund	Total
<u>Revenues</u>				
Property Taxes	\$ 56,428	\$ -	\$ -	\$ 56,428
Franchise Taxes	40,544	-	-	40,544
Sales Taxes	94,363	-	-	94,363
Licenses and Permits	45,094	-	-	45,094
Intergovernmental				
Federal Grants	-	136,476	-	136,476
Other	12,892	-	-	12,892
LCDBG	-	-	-	-
Sanitation Fees	71,235	-	-	71,235
Fines	12,973	-	-	12,973
Interest Income	2,502	-	-	2,502
Miscellaneous	20,118	-	-	20,118
Total Revenues	356,149	136,476	-	492,625
<u>Expenditures</u>				
General Government	107,163	-	-	107,163
Police Protection	161,255	-	-	161,255
Fire Protection	31,238	-	-	31,238
Public Works	49,078	-	-	49,078
Sanitation Department	17,462	-	-	17,462
Culture and Recreation	2,041	-	-	2,041
Debt Service:				
Principal Payments	5,793	-	-	5,793
Interest and Other	3,401	-	-	3,401
Capital Outlays	-	-	-	-
Total Expenditures	377,431	-	-	377,431
<u>Excess (Deficiency) of Revenues</u>	(21,282)	136,476	-	115,194
<u>Over Expenditures</u>				
<u>Other Financing Sources and (Uses)</u>				
Transfers In	-	-	-	-
Transfers Out	(29,500)	-	-	(29,500)
Total Other Financing	(29,500)	-	-	(29,500)
<u>Net Change in Fund Balance</u>	(50,782)	136,476	-	85,694
<u>Fund Balance - Beginning</u>	492,327	-	201	492,528
<u>FUND BALANCE - ENDING</u>	\$ 441,545	\$ 136,476	\$ 201	\$ 578,222

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

TOWN OF MARION
MARION, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Net Change in Fund Balances - Total		
Governmental Funds	\$	85,694

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	-	
Depreciation expense	(42,895)	(42,895)

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	-	
Change in compensated absences	(1,960)	(1,960)

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		5,793
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Change in Net Position in Governmental Activities		\$ 46,632
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The accompanying notes are an integral part of this financial statement.

TOWN OF MARION
MARION, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021

<u>ASSETS</u>	Business-Type Activities		
	<u>Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 59,934	\$ 1,951	\$ 61,885
Accounts Receivable, Net	40,295	8,488	48,783
Investments	35,246	-	35,246
Prepaid Items	4,166	3,292	7,458
Total Current Assets	139,641	13,731	153,372
<u>Non-Current Assets</u>			
Restricted Assets:			
Water Fund - Meter Deposits	26,355	-	26,355
Water Sinking & Reserve Accounts	231,203	-	231,203
Restricted Investments Water Meter	17,776	-	17,776
Restricted Investments Water Projects	146,852	-	146,852
Total Restricted Assets	422,186	-	422,186
Capital Assets:			
Land	18,400	14,607	33,007
Buildings	252,191	92,966	345,157
Infrastructure	3,453,890	1,201,185	4,655,075
Furniture and Equipment	370,608	56,160	426,768
Less: Accumulated Depreciation	(2,062,731)	(558,569)	(2,621,300)
Total Capital Assets	2,032,358	806,349	2,838,707
<u>TOTAL ASSETS</u>	<u>\$ 2,594,185</u>	<u>\$ 820,080</u>	<u>\$ 3,414,265</u>
<u>LIABILITIES</u>			
<u>Current Liabilities</u>			
Accounts Payable	\$ 5,731	\$ 470	\$ 6,201
Accrued Liabilities	2,168	-	2,168
Customer Deposits	29,855	-	29,855
Accrued Interest	1,099	-	1,099
Bonds Payable - Current Portion	27,044	-	27,044
Due To (From) Other Funds	8,298	(2,568)	5,730
Total Current Liabilities	74,195	(2,098)	72,097
<u>Long Term Liabilities</u>			
Bonds Payable - Long-Term	1,213,086	-	1,213,086
Total Liabilities	1,287,281	(2,098)	1,285,183
<u>NET POSITION</u>			
Net Investment in Capital Assets	792,228	806,349	1,598,577
Restricted for Capital Projects	395,831	-	395,831
Unrestricted	118,845	15,829	134,674
Total Net Position	<u>\$ 1,306,904</u>	<u>\$ 822,178</u>	<u>\$ 2,129,082</u>

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

TOWN OF MARION
MARION, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Total
<u>Operating Revenues</u>			
Charges for Services	\$ 237,980	\$ 52,478	\$ 290,458
Sales Tax	31,454	31,454	62,908
Total Operating Revenues	<u>269,434</u>	<u>83,932</u>	<u>353,366</u>
<u>Operating Expenses</u>			
Salaries and Employee Benefits	138,019	21,431	159,450
Office Supplies	7,323	838	8,161
Professional Fees	3,625	3,625	7,250
Repairs and Maintenance	41,178	24,947	66,125
Vehicle Expense	4,149	3,160	7,309
Utilities and Telephone	18,474	10,446	28,920
Depreciation and Amortization	116,245	32,451	148,696
Insurance	9,917	8,141	18,058
Miscellaneous	424	-	424
Administration Charge - Sewer	(42,000)	42,000	-
Total Operating Expenses	<u>297,354</u>	<u>147,039</u>	<u>444,393</u>
<u>Operating Income (Loss)</u>	(27,920)	(63,107)	(91,027)
<u>Non-Operating Revenues (Expenses)</u>			
Operating Interest	1,010	17	1,027
Interest Expense	(50,672)	-	(50,672)
Other Income	2,000	-	2,000
Total Non-Operating Revenues (Expenses)	<u>(47,662)</u>	<u>17</u>	<u>(47,645)</u>
Income (Loss) Before Transfers	(75,582)	(63,090)	(138,672)
Other Financing Sources (Uses)			
Transfers In	-	29,500	29,500
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>29,500</u>	<u>29,500</u>
<u>Changes in Net Position</u>	(75,582)	(33,590)	(109,172)
Net Position - Beginning of the Year	<u>1,382,486</u>	<u>855,768</u>	<u>2,238,254</u>
NET POSITION - END OF THE YEAR	<u><u>\$ 1,306,904</u></u>	<u><u>\$ 822,178</u></u>	<u><u>\$ 2,129,082</u></u>

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

TOWN OF MARION
MARION, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Business-Type Activities		
	Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Cash Flows From Operating Activities</u>			
Receipts from Customers	\$ 239,065	\$ 52,478	\$ 291,543
Payments to Supplies	(80,379)	(53,557)	(133,936)
Payments to Employees	(142,654)	(21,431)	(164,085)
Other Receipts (Payments)	32,439	32,439	64,878
Internal Activity Payments to Other Funds	42,000	(42,000)	-
Net Cash Provided (Used) by Operating Activities	90,471	(32,071)	58,400
<u>Cash Flows From Noncapital Financing Activities</u>			
Increase in Customer Deposits	1,040	-	1,040
Transfers from (to) other funds	-	29,500	29,500
Interfund Payable - General Fund	888	-	888
Interfund Payable - Enterprise Fund	(2,754)	2,754	-
Net Cash Provided (Used) by Noncapital Financing Activities	(826)	32,254	31,428
<u>Cash Flows From Capital and Related Financing Activities</u>			
Acquisition of Capital Assets	-	-	-
Miscellaneous Receipt	2,000	-	2,000
Principal Paid on Bonds	(25,960)	-	(25,960)
Payments for Interest on Long-Term Financing	(50,695)	-	(50,695)
Net Cash Provided (Used) by Capital and Related Financing Activities	(74,655)	-	(74,655)
<u>Cash Flows From Investing Activities</u>			
Interest Earned	528	17	545
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	15,518	200	15,718
Cash and Cash Equivalents at Beginning of Year	301,974	1,751	303,725
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	\$ 317,492	\$ 1,951	\$ 319,443
Classified As:			
Cash	\$ 59,934	\$ 1,951	\$ 61,885
Meter Deposits	26,355	-	26,355
Water Sinking and Reserve Accounts	231,203	-	231,203
<u>NET CASH AND CASH EQUIVALENTS</u>	\$ 317,492	\$ 1,951	\$ 319,443

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

TOWN OF MARION
MARION, LOUISIANA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Business-Type Activities		
	Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Reconciliation of Operating Loss to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Changes in Net Position	\$ (27,920)	\$ (63,107)	\$ (91,027)
Adjustments to Reconcile Net Losses to Net			
Cash Provided (Used) by Operating Activities			
Depreciation	116,245	32,451	148,696
(Increase) Decrease in Accounts Receivable	2,070	985	3,055
(Increase) Decrease in Prepaid Items	690	(2,039)	(1,349)
Increase (Decrease) in Accounts Payable	4,021	(361)	3,660
Increase (Decrease) in Accrued Liabilities	(4,635)	-	(4,635)
Total Adjustments	<u>118,391</u>	<u>31,036</u>	<u>149,427</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ 90,471</u>	<u>\$ (32,071)</u>	<u>\$ 58,400</u>

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

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 five 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 has a population of 765 persons. It is currently serving water and sewer customers and employs 4 full and 2 part-time persons as well as a Chief of Police. The position of Chief of Police is elected every four years.

Note 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:

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

- 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.
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 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.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

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.

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:

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

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.

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 is 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.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

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) where the governing body had decided that periodic determination or 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:

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

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 \$16,247 of nonspendable funds in the General Fund.

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 \$13,400 of restricted funds in the General Fund and \$136,476 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 changed 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, 2021.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

Assigned: This classification includes amounts that are constrained by the Town 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 year ended December 31, 2021.

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 \$414,019 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, ARPA Fund and the Enterprise Fund. The Town monitors these funds' budgets in comparison with actual results monthly.

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.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

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 times 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 \$1,000 or more for capitalizing capital assets.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

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 decreases in net position that relate 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 twenty hours of vacation; after ten years, one hundred sixty hours is received. Employees may carry forward from one year to the other no more that 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.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

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.

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.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

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.

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, 2021, the Town is leasing a copy machine for \$65 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.

In August 2016, the Town borrowed \$28,495 from Marion State Bank to purchase a 2017 police vehicle. The loan is due 60 monthly payments of \$499.80 each at an interest rate of 2%. This loan was paid off in 2021.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 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, 2021.

At December 31, 2021, the Town has cash and cash equivalents and investments (book balances net of overdrafts) in the amount of \$1,054,997.

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, 2021, the Town has bank cash and investments totaling \$1,054,997, as follows:

Cash in Checking or in Savings	\$ 568,247
Certificates of Deposits (Investments)	51,164
Restricted Assets (Cash)	270,958
Restricted Assets (Investments)	<u>164,628</u>
Total	<u>\$ 1,054,997</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 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 \$901,390 and a market value of \$935,606. Cash, cash equivalents and investments (bank balances), at December 31, 2021 are secured as follows:

Bank Balances	<u>\$ 1,070,613</u>
Federal Deposit Insurance	250,000
Pledged Securities	<u>820,613</u>
	<u>\$ 1,070,613</u>

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 2 - Cash and Investments (continued)

Cash and investments are categorized to give an indication of the level of risk assumed by the Town at December 31, 2021. 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, 2021, the Town had investments of \$215,792. 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.

Note 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, 2021, taxes of 7.43 mills were levied on 579 properties with assessed valuations totaling \$7,646,458 and were dedicated as follows:

General Fund 7.43 Mills

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

<u>Year</u>	<u>Taxes</u> <u>Levied</u>	<u>Assessed</u> <u>Value</u>
2021	\$ 56,813	\$ 7,646,468
2020	60,419	8,131,804
2019	61,360	8,258,387
2018	43,710	5,882,951
2017	42,187	5,677,934

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 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 \$1,640 during the year. Interest paid to the Town was \$3. 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 generates 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 could not be determined.

Note 5 - Insurance Rebate

The Town receives an insurance rebate to cover the fire protection in the Town. The amount received during 2021 is \$3,300.

Note 6 - Receivables

A summary of receivables as of December 31, 2021 is as follows:

<u>General Fund</u>	
Property Taxes	\$ 2,634
Sales Taxes	25,466
Franchise Fees	<u>3,314</u>
Receivable - General Fund	31,414
Beer Taxes Due From State of Louisiana	<u>355</u>
Total General Fund	31,769
<u>Enterprise Fund Water/Sewerage</u>	
Trade Accounts	35,244
NSF Checks	363
Allowance for Doubtful Accounts	<u>(3,800)</u>
Total Trade Accounts	31,807
Sales Taxes	<u>16,976</u>
Total Enterprise Fund Water/Sewerage	<u>48,783</u>
Total All Funds	<u><u>\$ 80,552</u></u>

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 7 - Water & Sewer Statistics

Monthly Rates for Services are as follows:

<u>Monthly Rates for Services</u>	<u>Residential</u> <u>Rates</u>	<u>Commercial</u> <u>Rates</u>
<u>Water Rates:</u>		
0 – 2,000 Gallons	\$ 30.00	
Over 2,000 Gallons	\$4/1,000 Gal.	
0 - 10,000 Gallons		\$ 40.00
Over 10,000 Gallons		\$4/1,000 Gal.
<u>Sewer Rates:</u>		
0 – 2,000 Gallons of Water Used	\$ 10.00	\$ 10.00
All Customers Over 2,000 Gallons	\$1/1,000 Gal.	\$1/1,000 Gal.
<u>Garbage Rates:</u>		
Regular Customers	\$ 15.00	\$ 15.00
Century Data		\$350 Flat
Century Services		\$150 Flat
CenturyTel of LA		\$50 Flat
Sprinkler Meters	No Charge	
Out of Town Meters	No Charge	
Water Meter Tap	\$ 250.00	\$ 250.00
Sewer Installation	\$ 250.00	\$ 300.00
<u>Water Meter Deposit:</u>		
Homeowners	\$ 100.00	
Renters	\$ 150.00	

Late charges are charged at 5% of the total monthly bill. Reconnection charges are \$25 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. Utility deposits are \$100 per water meter for residential and \$150 for renters.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 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 2021.

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 \$10,699.

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 \$2,701 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:

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 8 - Restricted Assets (continued)

General Fund

Fire Bond Sinking Fund Savings	\$ 2,702
Fire Bond Reserve Fund Savings	2,728
Fire Bond Depreciation Fund Savings	3,985
Fire Bond Contingency Fund Savings	3,985
Total Cash and Investments	<u>13,400</u>

Enterprise Fund

Customers' Deposits on Meters Checking	26,355
Customers' Deposits on Meters CD	17,776
Water Operation & Maintenance CD	24,630
CF Elevated Tank Debt Service Reserve CD	3,936
Water Contingency Fund Savings	39,847
Water Debt Service Reserve Savings	39,847
Water Sinking Fund Savings	61,813
Water Depreciation Short Lived Assets Savings	89,696
Water Depreciation Short Lived Assets CD	118,285
Total Cash and Investments	<u>\$ 422,185</u>

Note 9 - Capital Assets

Capital Asset Activity for the year ended December 31, 2021, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Non-Depreciable Assets:				
Land	\$ 45,597	\$ -	\$ -	\$ 45,597
Depreciable Assets				
Buildings	540,302	-	-	540,302
Improvements	136,778	-	-	136,778
Equipment and Vehicles	731,243	-	-	731,243
Infrastructure	584,459	-	-	584,459
Totals at Historical Cost	<u>2,038,379</u>	-	-	<u>2,038,379</u>
Less Accumulated Depreciation:				
Buildings	(225,649)	(13,264)	-	(238,913)
Improvements	(118,816)	(1,711)	-	(120,527)
Equipment and Vehicles	(676,964)	(13,772)	-	(690,736)
Infrastructure	(126,409)	(14,148)	-	(140,557)
Total Accumulated Depreciation	<u>(1,147,838)</u>	<u>(42,895)</u>	-	<u>(1,190,733)</u>
<u>Governmental Activities</u>				
<u>Capital Assets Net</u>	\$ 890,541	\$ (42,895)	\$ -	\$ 847,646

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 9 - Capital Assets (continued)

Business-Type Activities

Non-Depreciable Assets:				
Land	\$ 33,007	\$ -	\$ -	\$ 33,007
Construction in Process	-	-	-	-
Depreciable Assets				
Buildings	125,986	-	-	125,986
Water System	3,739,846	-	-	3,739,846
Sewer System	1,308,513	-	-	1,308,513
Furniture and Equipment	252,655	-	-	252,655
Totals at Historical Cost	5,460,007	-	-	5,460,007
Less: Accumulated Depreciation:				
Buildings	(44,179)	(4,906)	-	(49,085)
Water System	(1,708,718)	(107,229)	-	(1,815,947)
Sewer System	(510,002)	(28,191)	-	(538,193)
Furniture and Equipment	(209,705)	(8,370)	-	(218,075)
Total Accumulated Depreciation	(2,472,604)	(148,696)	-	(2,621,300)
<u>Business-Type Activities</u>				
<u>Capital Assets Net</u>	<u>\$2,987,403</u>	<u>\$ (148,696)</u>	<u>\$ -</u>	<u>\$ 2,838,707</u>

Note 10 - Pension Plans

In 2001, the Town setup 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 receive 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 employee 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 \$13,500 for each employee for the year 2021. 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 \$6,417 for 2021. All contributions were funded by January 2022.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 11 - Accounts and Other Payables

The following is a summary of payables at December 31, 2021:

<u>Class of Payable</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Accounts	\$ 5,674	\$ 6,201	\$ 11,875
Withholding and Payroll Accruals	3,409	2,168	5,577
Customer Deposits	-	29,855	29,855
Total Current Payables	<u>\$ 9,083</u>	<u>\$ 38,224</u>	<u>\$ 47,307</u>

Note 12 - Notes and Capital Leases

Notes payable and capital leases at December 31, 2021 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 2021 equaled \$3,371. The bond balance owed at year end is \$78,355. A schedule of annual payments are listed below:

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2022	\$ 3,294	\$ 1,906	\$ 5,200
2023	3,214	1,986	5,200
2024	3,130	2,070	5,200
2025	3,043	2,157	5,200
2026	2,930	2,270	5,200
2027-2031	13,137	12,863	26,000
2032-2036	10,196	15,804	26,000
2037-2041	6,583	19,417	26,000
2042-2045	2,800	19,882	22,682
Total	<u>\$ 48,327</u>	<u>\$ 78,355</u>	<u>\$ 126,682</u>

Marion State Bank Automobile Loan

In 2016, the Town borrowed money to purchase a police vehicle from a local dealership for \$28,495. The loan of the same amount has an interest rate of 2% and is payable in 60 monthly installments of \$500. The interest paid in 2021 was \$29. The loan was paid off during 2021.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 12 - Notes and Capital Leases (continued)

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.

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. A schedule of the annual payments is listed below:

A schedule of annual payments are as follows:

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2022	28,200	14,340	42,540
2023	27,653	14,887	42,540
2024	27,085	15,455	42,540
2025	26,495	16,045	42,540
2026	25,883	16,657	42,540
2027-2031	119,385	93,315	212,700
2032-2036	100,174	112,526	212,700
2037-2041	77,007	135,693	212,700
2042-2046	49,071	163,629	212,700
2047-2051	15,549	175,983	191,532
Total	<u>\$ 496,502</u>	<u>\$ 758,530</u>	<u>\$ 1,255,032</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 2021 is \$21,970. The outstanding loan balance based on information from the USDA at December 31, 2021 is \$481,600.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 12 - Notes and Capital Leases (continued)

The Town drew additional funds from this loan 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.

A schedule of annual payments are as follows:

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2022	21,412	12,704	34,116
2023	20,829	13,287	34,116
2024	20,218	13,898	34,116
2025	19,580	14,536	34,116
2026	18,912	15,204	34,116
2027-2031	83,418	87,162	170,580
2032-2036	61,470	109,110	170,580
2037-2041	33,997	136,583	170,580
2042-2044	4,592	79,116	83,708
Total	<u>\$ 284,428</u>	<u>\$ 481,600</u>	<u>\$ 766,028</u>

Note 13 - Interfund Balances and Transfers

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, 2021 the Water Department owed the General Fund \$5,890 in garbage fees.

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 \$42,000.

Note 14 - Receivables and Payables

Interfund receivables and payable consisted of the following at December 31, 2021.

Due To General Fund:	
Enterprise Fund	\$ 5,890
Due From General Fund:	
ARPA Fund	(136,476)
Enterprise Funds	(160)
Total	<u>\$ (130,746)</u>

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 14 - Receivables and Payables (continued)

Summary of balances due from other funds reported in
fund financial statements:

Due to/from Other Funds, Balance Sheet (Net) – General Fund	\$ (130,746)
Due from Other Funds, Balance Sheet (Net) – ARPA Fund	136,476
Due To Other Funds, Statement of Net Assets – Proprietary Funds	<u>(5,730)</u>
Total	<u>\$ -</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 funds are made. All interfund receivables and payables were paid in 2022.

Note 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 \$6,000.

Note 16 - Litigation and Claim

At December 31, 2021, the Town was not involved in any lawsuits nor is aware of any outstanding claims, which are not covered by insurance.

Note 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.

Note 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.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 18 - Other (continued)

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.

Note 19 - Subsequent Events

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through June 28, 2022, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION (PART B)
BUDGETARY COMPARISON SCHEDULES

TOWN OF MARION
MARION, LOUISIANA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>			<u>Schedule 1</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance With</u>
	<u>Budget</u>	<u>Budget</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
BUDGETARY FUND BALANCE				
BEGINNING OF YEAR	\$ 492,327	\$ 492,327	\$ 492,327	\$ -
Resources				
Property Taxes	55,000	55,000	56,428	1,428
Franchise Taxes	41,700	40,340	40,544	204
Sales Taxes	145,000	113,860	94,363	(19,497)
Licenses and Permits	44,125	42,035	45,094	3,059
Intergovernmental	6,960	6,876	12,892	6,016
Sanitation Fees	70,700	71,320	71,235	(85)
Fines	14,500	11,950	12,973	1,023
Interest Income	1,900	1,980	2,502	522
Miscellaneous	11,250	31,850	20,118	(11,732)
Transfers From Other Funds	-	-	-	-
Total Resources	<u>391,135</u>	<u>375,211</u>	<u>356,149</u>	<u>(19,062)</u>
Amounts available for appropriations	<u>883,462</u>	<u>867,538</u>	<u>848,476</u>	<u>(19,062)</u>
Charges to appropriations				
Current				
General Government	104,725	102,425	107,163	(4,738)
Police Protection	165,225	171,780	161,255	10,525
Fire Protection	49,185	39,892	31,238	8,654
Public Works	48,600	51,400	49,078	2,322
Sanitation Department	20,990	19,132	17,462	1,670
Culture and Recreation	2,410	2,453	2,041	412
Debt Service	-	-	9,194	(9,194)
Capital Outlay	-	-	-	-
Transfers To Other Funds	-	-	29,500	(29,500)
Total Charges to appropriations	<u>391,135</u>	<u>387,082</u>	<u>406,931</u>	<u>(19,849)</u>
BUDGETARY FUND BALANCE				
END OF YEAR	<u>\$ 492,327</u>	<u>\$ 480,456</u>	<u>\$ 441,545</u>	<u>\$ (38,911)</u>

See accompanying notes and auditor's report.

TOWN OF MARION
MARION, LOUISIANA
ARPA FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>			<u>Schedule 1</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
BUDGETARY FUND BALANCE				
BEGINNING OF YEAR	\$ -	\$ -	\$ -	\$ -
Resources				
Intergovernmental	136,476	136,476	136,476	-
Transfers From Other Funds	-	-	-	-
Total Resources	<u>136,476</u>	<u>136,476</u>	<u>136,476</u>	<u>-</u>
Amounts available for appropriations	<u>136,476</u>	<u>136,476</u>	<u>136,476</u>	<u>-</u>
Charges to appropriations				
Current				
General Government	-	-	-	-
Police Protection	-	-	-	-
Fire Protection	-	-	-	-
Public Works	-	-	-	-
Sanitation Department	-	-	-	-
Culture and Recreation	-	-	-	-
Debt Service	-	-	-	-
Capital Outlay	-	-	-	-
Transfers To Other Funds	-	-	-	-
Total Charges to appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
BUDGETARY FUND BALANCE				
END OF YEAR	<u>\$ 136,476</u>	<u>\$ 136,476</u>	<u>\$ 136,476</u>	<u>\$ -</u>

See accompanying notes and auditor's report.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021

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
MARION, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO THE ELECTED OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2021

Alderman Jeffery Kirkland	\$	1,200
Alderwoman Lindsey Redd		1,200
Alderman Eugene Hoggatt		1,200
Alderman Mark Andrews		1,200
Alderman Rhonda Davis		1,200
Police Chief Mark Dodd		44,934
Mayor Danny Smith		6,000

See accompanying notes and auditor's report.

TOWN OF MARION
MARION, LOUISIANA
SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2021

Agency Head		
Danny Smith, Mayor		
Salary		\$ 6,000
Benefits		
Benefits - Retirement	180	
Benefits - Insurance	-	
Car Allowance	-	
Travel	1,125	
Reimbursements	-	
Total Benefits	<u> </u>	<u>1,305</u>
Total		<u>\$ 7,305</u>

TOWN OF MARION
MARION, LOUISIANA
JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY
AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION
CASH BASIS PRESENTATION
FOR THE YEAR ENDED DECEMBER 31, 2021

	First Six Month Period Ended 6/30/2021	Second Six Month Period Ended 12/31/2021
Beginning Balance of Amounts Collected (i.e. cash on hand)	<u>\$ 192</u>	<u>\$ 304</u>
Add: Collections		
Criminal Court Costs/Fees	2,279	1,838
Criminal Fines - Other	<u>3,037</u>	<u>4,570</u>
Subtotal Collections	5,316	6,408
Less: Disbursements to Governments & Nonprofits:		
LA Comm on Law Enforcement - Criminal Fines Other	57	45
DHH-TH/SCI T.F. - Criminal Fines Other	145	115
North Louisiana Crime Lab	870	690
Louisiana Supreme Court - Criminal Fine - Other	15	12
Treasurer, State of Louisiana, CMIS - Criminal Fines - Other	29	23
Union Parish Crimestoppers	145	115
Less: Amounts Retained by Collecting Agency		
Criminal Fines - Other	<u>3,943</u>	<u>5,321</u>
Subtotal Disbursements/Retainage	5,204	6,321
Total: Ending Balance of Amounts Collected but not Disbursed/ Retained (i.e. cash on hand)	<u>\$ 304</u>	<u>\$ 391</u>

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Board of Aldermen of
Marion, Louisiana

I 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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 28, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I 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, I 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.

My 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2021-01 that I consider to be a significant deficiency.



Honorable Mayor and Board of Aldermen of
Marion, Louisiana

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Marion, Louisiana's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Town's response to the findings identified in my audit and described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of the Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Maxwell CPA, LLC

Monroe, Louisiana
June 28, 2022

TOWN OF MARION
MARION, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021

Honorable Mayor and Board of Aldermen of
Marion, Louisiana

I 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, 2021, which collectively comprise the basic financial statements and have issued our report thereon dated June 28, 2022. I conducted my 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. My audit of the financial statements as of December 31, 2021 resulted in an unmodified opinion.

Section I - Summary of Auditors' Reports

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

	<u>Yes</u>	<u>No</u>
<u>Internal Control</u>		
Material Weaknesses		X
Significant Deficiencies	X	
<u>Compliance</u>		
Noncompliance Material to Financial Statements		X

B. Federal Awards – N/A

Section II - Financial Statement Findings

2021-01 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 review bank reconciliations and bank statements each month.

TOWN OF MARION
MARION, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021

2021-01 Segregation of Duties (continued)

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.

Section III - Federal Award Findings and Questioned Costs

This section is not applicable for this entity.

TOWN OF MARION
MARION, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021

2020-01 **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 2021-01.



INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

I 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, 2021 through December 31, 2021. The Town of Marion, Louisiana's management is responsible for those C/C areas identified in the SAUPs.

The Town of Marion, Louisiana 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, 2021 through December 31, 2021. 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:

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.

Findings: The Town does not have a written budget policy for the period under review.

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.

Findings: The Town does not have a written policy on how vendors are added to the vendor list.

c) ***Disbursements***, including processing, reviewing, and approving.

Findings: All areas are addressed in their current policy.

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).

Findings: The Town does not have a written policy for receipts.

- 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(s) rate of pay or approval and maintenance of pay rate schedules.

Findings: The Town has a written policy for leave and overtime but does not have written policies on other areas of payroll.

- 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.

Findings: The Town does not have a written policy for contracting. Contracts are mentioned in the Town's purchasing policy, but that document does not address the above concerns.

- g) **Credit Cards (and debit cards, fuel cards, P-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).

Findings: No exceptions noted.

- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Findings: No exceptions noted.

- 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.

Findings: No exceptions noted.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Findings: The Town does not have a written debt service policy.

- 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.

Findings: The Town does not have a written Information Technology policy.

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

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

Findings: The Town's sexual harassment policy does not address employee training or annual reporting.

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:
 - a) 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.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds⁴, and semi-annual budget-to-actual, at a minimum, on all special revenue funds⁷. *Alternately, for those entities reporting on the nonprofit 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.*
 - c) 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.

Findings: No exceptions noted.

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 accounts⁶ (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:
 - a) 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);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) 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: No exceptions noted.

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

⁴ Proprietary and special revenue funds are defined under GASB standards. 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 and special revenue 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 Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

*Collections (excluding electronic funds transfers)*⁷

4. Obtain a listing of deposit sites⁸ 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).
5. For each deposit site selected, obtain a listing of collection locations⁹ and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, 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:
 - a) Employees responsible for cash collections do not share cash drawers/registers.
Due to the small staff, there is only one cash register at the Town.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
Findings: There is little separation of duties because of the limited staff. The clerk that collects receipts also takes the deposit to the bank and posts payments to the separate subsidiary ledgers.
 - c) Each employee responsible for collecting cash is not 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.
Findings: The clerk that collects receipts also posts payments to the separate subsidiary ledgers but does not post the deposits to the general ledger nor does she reconcile the bank accounts.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
Findings: The Town only has two employees in the department, so these procedures are not segregated.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
Findings: No exceptions noted.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (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).

⁷ The Collections category is not required to be tested if the entity has a third party contractor performing all collection functions (i.e., receiving collections, preparing deposits, and making deposits).

⁸ A deposit site is a physical location where a deposit is prepared and reconciled.

⁹ 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.

Alternately, 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:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe the deposit was made within one business day of receipt 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).
- e) Trace the actual deposit per the bank statement to the general ledger.

Findings: No exceptions noted.

Non-Payroll Disbursements (excluding card purchases/payments, 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 #8 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, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) 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.
 - d) 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.

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

Findings: No exceptions noted.

10. For each location selected under #8 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:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Findings: No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards¹⁰. Obtain management's representation that the listing is complete.
12. 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., original 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Findings: No exceptions noted.

13. Using the monthly statements or combined statements selected under #12 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 (i.e., each card should have 10 transactions subject to testing)¹¹. For each transaction, observe 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 note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Findings: No exceptions noted.

Travel and Travel-Related Expense Reimbursements¹² (excluding card transactions)

14. 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, 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:
 - a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

¹⁰ Including cards used by school staff for either school operations or student activity fund operations.

¹¹ For example, if 3 of the 5 cards selected were fuel cards, only 10 transactions would be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #12 were fuel cards, Procedure #13 would not be applicable.

¹² Non-travel reimbursements are not required to be tested under this category.

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe 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 policy (procedure #1h).
- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: No exceptions noted.

Contracts

15. 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. *Alternately, 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:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law¹³ (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observe 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, was approval documented).
 - d) 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 the invoice and related payment agreed to the terms and conditions of the contract.

Findings: No exceptions noted.

Payroll and Personnel

16. Obtain a listing of employees and officials¹⁴ 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.
17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials¹⁵ documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: 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.)

¹³ If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

¹⁴ "Officials" would include those elected, as well as board members who are appointed.

¹⁵ "Officials" would include those elected, as well as board members who are appointed.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Findings: No exceptions noted.

18. 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, 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 or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Findings: Not applicable.

19. 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, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Findings: No exceptions noted.

Ethics¹⁶

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Findings: No exceptions noted.

Debt Service¹⁷

21. 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 State Bond Commission approval was obtained for each debt instrument issued.
22. 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

¹⁶ The Louisiana Code of Ethics is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a nonprofit, the procedures should be performed.

¹⁷ This AUP category is generally not applicable to nonprofit entities; however, if applicable, the procedures should be performed.

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: No exceptions noted.

Fraud Notice

23. 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.

Findings: The Town officials did not acknowledge any misappropriations of public funds or assets during the fiscal period.

24. Observe the entity has posted, on its premises¹⁸ and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.¹⁹

Findings: The Town does not have the notice posted on its website.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, 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.

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

¹⁸ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs.

¹⁹ This notice is available for download or print at www.lja.la.gov/hotline.

*Sexual Harassment*²⁰

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe 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).

Findings: The Town's sexual harassment policy is not posted on its website.

28. 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 it includes the applicable requirements of R.S. 42:344:
 - a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Findings: No exceptions noted.

Management's Response

Management of the Town of Marion concurs with the exceptions and is working to address the deficiencies identified.

I was engaged by the Town of Marion, Louisiana 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.

I am required to be independent of the Town of Marion, Louisiana and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my agreed-upon procedures engagement.

²⁰ A private non-profit that is subject to audit by virtue of the receipt of public funds does not appear to be subject to the sexual harassment law, R.S. 42:341, et seq. However, the non-profit could be subject to the law as part of its agreement to receive the public funds.

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.

Manwell CPA, LLC

Monroe, Louisiana

June 28, 2022