

TOWN OF MARION
MARION, LOUISIANA

Financial Report
For the Year Ended December 31, 2020



TOWN OF MARION
MARION, LOUISIANA
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report -----	1-3

FINANCIAL STATEMENTS

Required Supplemental Information (Part A)	
Management's Discussion and Analysis -----	4-8
Government-Wide Financial Statements	
Statement of Net Position-----	9
Statement of Activities -----	10
Fund Financial Statements	
Governmental Funds:	
Balance Sheet -----	11
Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Position-----	12
Statement of Revenues, Expenditures and Changes in Fund Balances -----	13
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances to the Statement of Activities -----	14
Proprietary Funds:	
Statement of Net Position -----	15
Statement of Revenues, Expenses and Changes in Net Position -----	16
Statement of Cash Flows -----	17-18
Notes to Financial Statements -----	19-41
Required Supplemental Information (Part B)	
Budgetary Comparison Schedules	
General Fund -----	42
Notes to the Budgetary Comparison Schedule -----	43

OTHER SUPPLEMENTAL INFORMATION

Schedule of Compensation Paid to Council Members -----	44
Schedule of Compensation, Reimbursements, Benefits and Other Payments To Agency Head-----	45
Judicial System Funding Schedule – Collecting/Disbursing Entity -----	46

TOWN OF MARION
MARION, LOUISIANA
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE OF CONTENTS

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based On an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i> -----	47-48
Schedule of Findings and Responses -----	49-50
Summary Schedule of Prior Audit Findings -----	51



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted by the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

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, 2020, 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.

Other Matters

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, 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.

Other 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 supplemental 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.

Honorable Mayor and Board of Aldermen of the
Town of Marion, Louisiana
Page 3

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 18, 2021, 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 18, 2021

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

TOWN OF MARION, LOUISIANA

Management's Discussion and Analysis Year Ended December 31, 2020

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, 2020. Management 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 two governmental funds at this time, the General 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 which is a major fund.

The Town adopts an annual budget for its general fund. A budgetary comparison schedule is presented on page 42 which compares actual revenues and expenditures to the original budget and amended budget figures. The original budget was adopted December 2019 and it was amended December 2020.

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, 2020

Government-Wide Financial Analysis

Overall, the Town's financial position and results of its operation did not improve in 2020. The largest percentage of the total assets (64%) is the Town's investment in net capital assets. The Town has outstanding debt of \$1,350,238, which was used to finance some of the \$7,498,388 of capital assets. (For more detailed information on the Town's debt and capital assets, see pages 33-39.) The total liabilities of \$1,402,006 are 40% of the total net position.

The following table reflects the condensed statement of net position at December 31, 2020.

	Governmental Activities	Business-Type Activities	2020 Total	2019 Total
<u>Assets</u>				
Current Assets	\$ 490,417	\$ 152,839	\$ 643,256	\$ 732,760
Restricted Assets	12,700	403,384	416,084	395,197
Capital Assets Net of Accumulated Depreciation	890,541	2,987,402	3,877,943	3,915,503
Total Assets	1,393,658	3,543,625	4,937,283	5,043,460
<u>Liabilities</u>				
Current Liabilities	17,596	65,240	82,836	117,806
Non-Current Liabilities	79,039	1,240,131	1,319,170	1,350,986
Total Liabilities	96,635	1,305,371	1,402,006	1,468,792
<u>Net Position</u>				
Investment in Capital Assets	805,179	1,721,312	2,526,491	2,530,750
Restricted for Debt Service	12,700	378,200	390,900	371,078
Unrestricted	479,144	138,742	617,886	672,840
Total Net Position	\$ 1,297,023	\$ 2,238,254	\$ 3,535,277	\$ 3,574,668

The Town's governmental activities decreased the net position by \$17,850. The total business-type activities decreased the Town's net position by \$21,541. Below is a summary of the statement of activities.

**Town of Marion, Louisiana
Management's Discussion and Analysis
December 31, 2020**

	Governmental Activities	Business-Type Activities	2020 Total	2019 Total
<u>Revenues</u>				
Program Revenues	\$ 226,821	\$ 276,183	\$ 503,004	\$ 1,182,439
General Revenues	262,538	70,333	332,871	500,993
Transfers	(105,168)	105,168	-	-
Total Revenues	384,191	451,684	835,875	1,683,432
<u>Expenses</u>				
General and Administrative	106,535	-	106,535	106,815
Police Protection	155,993	-	155,993	172,043
Fire Protection	34,661	-	34,661	51,475
Public Works	66,635	-	66,635	66,682
Sanitation	30,211	-	30,211	10,323
Culture and Recreation	4,505	-	4,505	4,790
Water & Sewer	-	473,225	473,225	446,048
Interest on Long-Term Debt	3,501	-	3,501	3,715
Total Expenses	402,041	473,225	875,266	861,891
Decrease in Net Position	(17,850)	(21,541)	(39,391)	821,541
<u>Net Position - January 1, 2020</u>	<u>1,314,873</u>	<u>2,259,795</u>	<u>3,574,668</u>	<u>2,753,127</u>
<u>Net Position - December 31, 2020</u>	<u>\$ 1,297,023</u>	<u>\$ 2,238,254</u>	<u>\$ 3,535,277</u>	<u>\$ 3,574,668</u>

Program Revenues are broken down as follows:

<u>Program Revenues</u>	<u>Total</u>	<u>% of Program Revenues</u>
General Operating Grants	\$ 15,544	3%
Public Safety – Charges	10,451	2%
Public Safety - Grants	6,000	1%
Public Works - Charges	5,560	1%
Fire Protection	3,315	1%
Sanitation	62,030	12%
Sanitation – Grants	11,753	2%
Culture and Recreation - Grant	2,000	1%
LCDBG Grant	110,168	22%
Water - Charges	220,001	44%
Water - Grants	6,500	1%
Sewer - Charges	49,682	10%
Total Program Revenues	\$ 503,004	

**Town of Marion, Louisiana
Management's Discussion and Analysis
December 31, 2020**

General Revenues consist of the following:

<u>General Revenues</u>	<u>Total</u>	<u>% of General Revenues</u>
Property Taxes	\$ 60,644	18%
Sales Taxes	168,482	51%
Franchise Taxes	42,164	13%
Alcoholic Beverage Tax	1,348	1%
Licenses & Permits	43,377	13%
Interest Income	5,184	1%
Miscellaneous	11,672	3%
Total General Revenues	\$ 332,871	

Financial Analysis of the Government's Funds

The Town of Marion's governmental funds reported an ending fund balance of \$492,528 which is an increase of \$5,370. The Town's proprietary fund shows an ending net position of \$2,238,254, which is a decrease of \$21,541. 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 an increase of \$7,888. Revenues were \$56,433 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, 2020 is \$3,877,943. New major capital asset additions in 2020 were improvements to the water system.

In 2020, the Town paid the USDA for loans in the general fund and water fund totaling \$81,856, which included \$55,119 in interest and \$26,737 in principal, which left and unpaid principal balance of \$1,346,275.

The Town paid \$5,988 on the loan with Marion State Bank, which was \$5,851 in principal and \$137 in interest. The balance on this loan was \$3,964 at December 31, 2020.

Current Financial Factors

Sales taxes collected have picked up in 2021 after a big decrease in collections in 2020.

There is a slight increase in water sales through June 2021 when compared to the same period in 2020.

**Town of Marion, Louisiana
Management's Discussion and Analysis
December 31, 2020**

Construction Projects

The Town was under an administrative order to improve water quality throughout the system. The Town received funding of \$110,168 from LCDBG in 2020 and \$787,282 in 2019. The Town also received \$6,500 from LGAP in 2020 in addition to the amounts received from LCDBG. The project was completed in 2020.

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, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 417,099	\$ 64,566	\$ 481,665
Investments	15,565	35,167	50,732
Receivables Net	36,324	51,838	88,162
Grants Receivable	-	-	-
Due To/From Other Funds	4,842	(4,842)	-
Due From Other Governments	340	-	340
Prepaid Items	16,247	6,110	22,357
Restricted Cash and Cash Equivalents	12,700	239,159	251,859
Restricted Investments	-	164,225	164,225
Capital Assets:			
Land	45,597	33,007	78,604
Buildings	540,302	345,157	885,459
Improvements	136,778	-	136,778
Infrastructure	584,461	4,655,074	5,239,535
Furniture and Equipment	731,244	426,768	1,158,012
Less Accumulated Depreciation	(1,147,841)	(2,472,604)	(3,620,445)
Capital Assets, Net of Depreciation	890,541	2,987,402	3,877,943
<u>TOTAL ASSETS</u>	<u>\$ 1,393,658</u>	<u>\$ 3,543,625</u>	<u>\$ 4,937,283</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 7,779	\$ 2,541	\$ 10,320
Accrued Liabilities	2,810	6,803	9,613
Current Portion of Long-Term Obligations	3,964	-	3,964
Non-Current Portion of Long-Term Obligations	684	-	684
Paid out of Restricted Assets:			
Accrued Interest Payable	1,214	1,122	2,336
Customer Deposits	-	28,815	28,815
Current Portion of Long-Term Obligations	1,829	25,959	27,788
Non-Current Portion of Long-Term Obligations	78,355	1,240,131	1,318,486
<u>TOTAL LIABILITIES</u>	<u>96,635</u>	<u>1,305,371</u>	<u>1,402,006</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	805,179	1,721,312	2,526,491
Restricted for Debt Service	12,700	378,200	390,900
Unrestricted, Unreserved	479,144	138,742	617,886
<u>TOTAL NET POSITION</u>	<u>\$ 1,297,023</u>	<u>\$ 2,238,254</u>	<u>\$ 3,535,277</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, 2020

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Government Activities:				
General and Administrative	\$ 106,535	\$ -	\$ 15,544	\$ 110,168
Police Protection	155,993	10,451	6,000	-
Fire Protection	34,661	-	3,315	-
Public Works	66,635	5,560	-	-
Sanitation	30,211	62,030	1,753	10,000
Culture and Recreation	4,505	-	2,000	-
Interest on Long-Term Debt	3,501	-	-	-
Total Governmental Activities	402,041	78,041	28,612	120,168
Business-Type Activities:				
Water	334,099	220,001	-	6,500
Sewer	139,126	49,682	-	-
Total Business-Type Activities	473,225	269,683	-	6,500
<u>Total Government</u>	<u>\$ 875,266</u>	<u>\$ 347,724</u>	<u>\$ 28,612</u>	<u>\$ 126,668</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
\$ 19,177	\$ -	\$ 19,177
(139,542)	-	(139,542)
(31,346)	-	(31,346)
(61,075)	-	(61,075)
43,572	-	43,572
(2,505)	-	(2,505)
(3,501)	-	(3,501)
<u>(175,220)</u>	<u>-</u>	<u>(175,220)</u>
-	(107,598)	(107,598)
-	(89,444)	(89,444)
<u>-</u>	<u>(197,042)</u>	<u>(197,042)</u>
(175,220)	(197,042)	(372,262)
60,644	-	60,644
42,164	-	42,164
101,088	67,394	168,482
1,348	-	1,348
43,377	-	43,377
2,245	2,939	5,184
11,672	-	11,672
(105,168)	105,168	-
<u>157,370</u>	<u>175,501</u>	<u>332,871</u>
(17,850)	(21,541)	(39,391)
<u>1,314,873</u>	<u>2,259,795</u>	<u>3,574,668</u>
<u>\$ 1,297,023</u>	<u>\$ 2,238,254</u>	<u>\$ 3,535,277</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, 2020

	General Fund	LCDBG Capital Projects Fund	Total Governmental Funds
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 402,617	\$ 14,482	\$ 417,099
Investments	15,565	-	15,565
Receivables Net			
Ad Valorem Taxes	4,684	-	4,684
Sales and Use Taxes	28,420	-	28,420
Franchise Fees Receivable	3,220	-	3,220
Due From Other Governments			
Louisiana Beer Tax Distribution	340	-	340
Grant Receivable - LCDBG	-	-	-
Prepaid Items	16,247	-	16,247
Restricted Assets: Cash and Cash Equivalents	12,700	-	12,700
Due From Other Funds	20,186	-	20,186
<u>TOTAL ASSETS</u>	<u>\$ 503,979</u>	<u>\$ 14,482</u>	<u>\$ 518,461</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 7,779	\$ -	\$ 7,779
Due To Other Funds	1,063	14,281	15,344
Accrued Liabilities	2,810	-	2,810
Total Liabilities	11,652	14,281	25,933
<u>FUND BALANCES</u>			
Nonspendable	16,247	-	16,247
Restricted for Debt Service	12,700	-	12,700
Assigned	-	-	-
Unassigned	463,380	201	463,581
Total Fund Balance	492,327	201	492,528
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 503,979</u>	<u>\$ 14,482</u>	<u>\$ 518,461</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, 2020

Total Governmental Fund Balances	\$	492,528
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Amounts reported for governmental activities in the statement of net position are different because:

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

Governmental Capital Assets	2,038,382		
Less: Accumulated Depreciation	<u>(1,147,841)</u>		890,541

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	(684)		
Notes Payable - Marion State Bank	(3,964)		
Bonds Payable - Fire Station Project	(80,184)		
Accrued Interest Payable	<u>(1,214)</u>		<u>(86,046)</u>

Net Position of Governmental Activities	\$	<u><u>1,297,023</u></u>
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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, 2020

	General Fund	LCDBG Capital Projects Fund	Total
<u>Revenues</u>			
Property Taxes	\$ 60,644	\$ -	\$ 60,644
Franchise Taxes	42,164	-	42,164
Sales Taxes	101,088	-	101,088
Licenses and Permits	43,377	-	43,377
Intergovernmental			
Federal Grants	15,544	-	15,544
Other	12,908	-	12,908
LCDBG	-	110,168	110,168
Sanitation Fees	62,030	-	62,030
Fines	10,451	-	10,451
Interest Income	2,245	-	2,245
Miscellaneous	28,740	-	28,740
Total Revenues	379,191	110,168	489,359
<u>Expenditures</u>			
General Government	102,641	-	102,641
Police Protection	149,153	-	149,153
Fire Protection	23,330	-	23,330
Public Works	46,318	-	46,318
Sanitation Department	28,698	-	28,698
Culture and Recreation	2,439	-	2,439
Debt Service:			
Principal Payments	7,669	-	7,669
Interest and Other	3,529	-	3,529
Capital Outlays	15,044	-	15,044
Total Expenditures	378,821	-	378,821
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	370	110,168	110,538
<u>Other Financing Sources and (Uses)</u>			
Transfers In	10,000	-	10,000
Transfers Out	(5,000)	(110,168)	(115,168)
Total Other Financing	5,000	(110,168)	(105,168)
<u>Net Change in Fund Balance</u>	5,370	-	5,370
<u>Fund Balance - Beginning</u>	486,957	201	487,158
<u>FUND BALANCE - ENDING</u>	\$ 492,327	\$ 201	\$ 492,528

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, 2020

Net Change in Fund Balances - Total		
Governmental Funds	\$	5,370

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	15,044	
Depreciation expense	(45,961)	(30,917)

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	28	
Change in compensated absences	-	28

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		7,669
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Change in Net Position in Governmental Activities		\$ (17,850)
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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, 2020

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Total
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 62,815	\$ 1,751	\$ 64,566
Accounts Receivable, Net	42,365	9,473	51,838
Investments	35,167	-	35,167
Prepaid Items	4,856	1,254	6,110
Total Current Assets	145,203	12,478	157,681
<u>Non-Current Assets</u>			
Restricted Assets:			
Water Fund - Meter Deposits	25,184	-	25,184
Water Sinking & Reserve Accounts	213,975	-	213,975
Restricted Investments Water Meter	17,699	-	17,699
Restricted Investments Water Projects	146,526	-	146,526
Total Restricted Assets	403,384	-	403,384
Capital Assets:			
Land	18,400	14,607	33,007
Buildings	252,191	92,966	345,157
Infrastructure	3,453,889	1,201,185	4,655,074
Furniture and Equipment	370,608	56,160	426,768
Less: Accumulated Depreciation	(1,946,485)	(526,119)	(2,472,604)
Total Capital Assets	2,148,603	838,799	2,987,402
<u>TOTAL ASSETS</u>	<u>\$ 2,697,190</u>	<u>\$ 851,277</u>	<u>\$ 3,548,467</u>
<u>LIABILITIES</u>			
<u>Current Liabilities</u>			
Accounts Payable	\$ 1,710	\$ 831	\$ 2,541
Accrued Liabilities	6,803	-	6,803
Customer Deposits	28,815	-	28,815
Accrued Interest	1,122	-	1,122
Bonds Payable - Current Portion	25,959	-	25,959
Due To (From) Other Funds	10,164	(5,322)	4,842
Total Current Liabilities	74,573	(4,491)	70,082
<u>Long Term Liabilities</u>			
Bonds Payable - Long-Term	1,240,131	-	1,240,131
Total Liabilities	1,314,704	(4,491)	1,310,213
<u>NET POSITION</u>			
Net Investment in Capital Assets	882,513	838,799	1,721,312
Restricted for Capital Projects	378,200	-	378,200
Unrestricted	121,773	16,969	138,742
Total Net Position	<u>\$ 1,382,486</u>	<u>\$ 855,768</u>	<u>\$ 2,238,254</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, 2020

	Business-Type Activities Enterprise Funds		
	Water	Sewer	Total
<u>Operating Revenues</u>			
Charges for Services	\$ 220,001	\$ 49,682	\$ 269,683
Sales Tax	33,697	33,697	67,394
Total Operating Revenues	253,698	83,379	337,077
<u>Operating Expenses</u>			
Salaries and Employee Benefits	142,554	18,793	161,347
Office Supplies	7,474	941	8,415
Professional Fees	4,375	4,375	8,750
Repairs and Maintenance	29,995	19,588	49,583
Vehicle Expense	3,163	2,775	5,938
Utilities and Telephone	11,702	10,527	22,229
Depreciation and Amortization	111,438	32,560	143,998
Insurance	12,705	6,882	19,587
Miscellaneous	979	685	1,664
Administration Charge - Sewer	(42,000)	42,000	-
Total Operating Expenses	282,385	139,126	421,511
<u>Operating Income (Loss)</u>	(28,687)	(55,747)	(84,434)
<u>Non-Operating Revenues (Expenses)</u>			
Operating Interest	2,843	96	2,939
Interest Expense	(51,714)	-	(51,714)
Grant Income	6,500	-	6,500
Total Non-Operating Revenues (Expenses)	(42,371)	96	(42,275)
Income (Loss) Before Transfers	(71,058)	(55,651)	(126,709)
<u>Other Financing Sources (Uses)</u>			
Transfers In	110,168	5,000	115,168
Transfers Out	(10,000)	-	(10,000)
Total Other Financing Sources (Uses)	100,168	5,000	105,168
<u>Changes in Net Position</u>	29,110	(50,651)	(21,541)
Net Position - Beginning of the Year	1,353,376	906,419	2,259,795
NET POSITION - END OF THE YEAR	\$ 1,382,486	\$ 855,768	\$ 2,238,254

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, 2020

	Business-Type Activities Enterprise Funds		
	Water	Sewer	Total
<u>Cash Flows From Operating Activities</u>			
Receipts from Customers	\$ 220,324	\$ 49,682	\$ 270,006
Payments to Supplies	(71,383)	(45,970)	(117,353)
Payments to Employees	(138,538)	(18,793)	(157,331)
Other Receipts (Payments)	33,079	33,079	66,158
Internal Activity Payments to Other Funds	42,000	(42,000)	-
Net Cash Provided (Used) by Operating Activities	85,482	(24,002)	61,480
<u>Cash Flows From Noncapital Financing Activities</u>			
Increase in Customer Deposits	940	-	940
Transfers from (to) other funds	100,168	5,000	105,168
Interfund Payable - General Fund	2,683	-	2,683
Interfund Payable - Enterprise Fund	468	(468)	-
Net Cash Provided (Used) by Noncapital Financing Activities	104,259	4,532	108,791
<u>Cash Flows From Capital and Related Financing Activities</u>			
Acquisition of Capital Assets	(120,026)	(17,329)	(137,355)
Capital Grant	6,500	-	6,500
Principal Paid on Bonds	(24,920)	-	(24,920)
Payments for Interest on Long-Term Financing	(51,736)	-	(51,736)
Net Cash Provided (Used) by Capital and Related Financing Activities	(190,182)	(17,329)	(207,511)
<u>Cash Flows From Investing Activities</u>			
Interest Earned	725	96	821
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	284	(36,703)	(36,419)
Cash and Cash Equivalents at Beginning of Year	301,690	38,454	340,144
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	<u>\$ 301,974</u>	<u>\$ 1,751</u>	<u>\$ 303,725</u>
Classified As:			
Cash	\$ 62,815	\$ 1,751	\$ 64,566
Meter Deposits	25,184	-	25,184
Water Sinking and Reserve Accounts	213,975	-	213,975
<u>NET CASH AND CASH EQUIVALENTS</u>	<u>\$ 301,974</u>	<u>\$ 1,751</u>	<u>\$ 303,725</u>

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, 2020

	Business-Type Activities Enterprise Funds		
	Water	Sewer	Total
<u>Reconciliation of Operating Loss to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Changes in Net Position	\$ (28,687)	\$ (55,747)	\$ (84,434)
Adjustments to Reconcile Net Losses to Net			
Cash Provided (Used) by Operating Activities			
Depreciation	111,438	32,560	143,998
(Increase) Decrease in Accounts Receivable	(295)	(618)	(913)
(Increase) Decrease in Prepaid Items	133	169	302
Increase (Decrease) in Accounts Payable	(1,123)	(366)	(1,489)
Increase (Decrease) in Accrued Liabilities	4,016	-	4,016
Total Adjustments	<u>114,169</u>	<u>31,745</u>	<u>145,914</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ 85,482</u>	<u>\$ (24,002)</u>	<u>\$ 61,480</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, 2020

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, 2020

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 of 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, 2020

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, 2020

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.

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.

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.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

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:

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.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

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 \$12,700 of restricted funds in the General 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, 2020.

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, 2020.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

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 \$463,380 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 and Enterprise Fund 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 both the General Fund and the Enterprise Fund. The Town monitors both 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.

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.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

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.

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

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

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 than forty hours earned vacation time. Each employee receives the entitled hours on January 1 of each year plus the unused carryforward hours. Eighty hours of sick time is accrued each year for all full-time employees. Sick time is carried forward each year with a maximum accrued sick time of four hundred hours for each employee.

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

N. Deferred Inflows of Resources

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

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.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

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

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

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

P. Estimates

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

Q. Bad Debts

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

R. Prepaid Items

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

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.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

At December 31, 2020, 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%.

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, 2020.

At December 31, 2020, the Town has cash and cash equivalents and investments (book balances net of overdrafts) in the amount of \$948,481.

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 principle offices in Louisiana.

At December 31, 2020, the Town has bank cash and investments totaling \$948,481, as follows:

Cash in Checking or in Savings	\$	481,665
Certificates of Deposits (Investments)		50,732
Restricted Assets (Cash)		251,859
Restricted Assets (Investments)		<u>164,225</u>
Total	\$	<u>948,481</u>

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 2 - Cash and Investments (continued)

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 \$822,461 and a market value of \$861,878. Cash, cash equivalents and investments (bank balances), at December 31, 2020 are secured as follows:

Bank Balances	\$ 951,584
Federal Deposit Insurance	250,000
Pledged Securities	701,584
	<u>\$ 951,584</u>

Cash and investments are categorized to give an indication of the level of risk assumed by the Town at December 31, 2020. 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, 2020, the Town had investments of \$214,957. 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, 2020, taxes of 7.43 mills were levied on 575 properties with assessed valuations totaling \$8,131,804 and were dedicated as follows:

General Fund	7.43 Mills
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TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 3 - Property Taxes (continued)

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>
2020	\$ 60,419	\$ 8,131,804
2019	61,360	8,258,387
2018	43,710	5,882,951
2017	42,187	5,677,934
2016	\$ 43,344	\$ 5,833,598

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 \$1,820 during the year. Interest paid to the Town was \$13. 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 2020 is \$3,315.

Note 6 - Receivables

A summary of receivables as of December 31, 2020 is as follows:

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 6 – Receivables (continued)

General Fund

Property Taxes	\$ 4,684
Sales Taxes	28,420
Franchise Fees	3,220
Receivable - General Fund	36,324
Beer Taxes Due From State of Louisiana	340
Total General Fund	36,664

Enterprise Fund Water/Sewerage

Trade Accounts	36,389
NSF Checks	303
Allowance for Doubtful Accounts	(3,800)
Total Trade Accounts	32,892
Sales Taxes	18,946
Total Enterprise Fund Water/Sewerage	51,838

Total All Funds	\$ 88,502
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Note 7 - Water & Sewer Statistics

Monthly Rates for Services are as follows:

<u>Monthly Rates for Services</u>	<u>Residential</u>	<u>Commercial</u>
	<u>Rates</u>	<u>Rates</u>
<u>Water Rates:</u>		
0 - 2,000 Gallons	\$ 30.00	
Over 2000 Gallons	\$4/1,000 Gal.	
0 - 10,000 Gallons		\$ 40.00
Over 10,000 Gallons		4/1,000 Gal.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 7 - Water & Sewer Statistics (continued)

Sewer Rates:

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.

Garbage Rates:

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

Water Meter Deposit:

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.

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 had 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 2020.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 8 - Restricted Assets (continued)

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 \$10,001.

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 \$2,669 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:

General Fund

Fire Bond Sinking Fund Savings	\$ 2,699
Fire Bond Reserve Fund Savings	2,553
Fire Bond Depreciation Fund Savings	3,724
Fire Bond Contingency Fund Savings	<u>3,724</u>
Total Cash and Investments	<u><u>12,700</u></u>

Enterprise Fund

Customers' Deposits on Meters Checking	25,184
Customers' Deposits on Meters CD	17,699
Water Operation & Maintenance CD	24,588
CF Elevated Tank Debt Service Reserve CD	3,929
Water Contingency Fund Savings	35,992
Water Debt Service Reserve Savings	35,992
Water Sinking Fund Savings	61,782
Water Depreciation Short Lived Assets Savings	80,209
Water Depreciation Short Lived Assets CD	<u>118,009</u>
Total Cash and Investments	<u><u>\$ 403,384</u></u>

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 9 - Capital Assets

Capital Asset Activity for the year ended December 31, 2020 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
<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	716,199	15,044	-	731,243
Infrastructure	584,459	-	-	584,459
Totals at Historical Cost	2,023,335	15,044	-	2,038,379
Less Accumulated Depreciation:				
Buildings	(212,383)	(13,266)	-	(225,649)
Improvements	(117,105)	(1,711)	-	(118,816)
Furniture and Equipment	(660,375)	(16,589)	-	(676,964)
Infrastructure	(112,014)	(14,395)	-	(126,409)
Total Accumulated Depreciation	(1,101,877)	(45,961)	-	(1,147,838)
<u>Governmental Activities</u>				
<u>Capital Assets Net</u>	\$ 937,045	\$ (30,917)	\$ -	\$ 890,541
<u>Business-Type Activities</u>				
Non-Depreciable Assets:				
Land	\$ 33,007	\$ -	\$ -	\$ 33,007
Construction in Process	843,547	120,025	963,573	-
Depreciable Assets				
Buildings	125,986	-	-	125,986
Water System	2,776,273	963,573	-	3,739,846
Sewer System	1,308,513	-	-	1,308,513
Furniture and Equipment	235,325	17,330	-	252,655
Totals at Historical Cost	5,322,651	1,100,928	963,573	5,460,007
Less: Accumulated Depreciation:				
Buildings	(39,273)	(4,906)	-	(44,179)
Water System	(1,607,511)	(101,207)	-	(1,708,718)
Sewer System	(481,660)	(28,342)	-	(510,002)
Furniture and Equipment	(200,162)	(9,543)	-	(209,705)
Total Accumulated Depreciation	(2,328,606)	(143,998)	-	(2,472,604)
<u>Business-Type Activities</u>				
<u>Capital Assets Net</u>	\$2,994,045	\$956,930	\$ 963,573	\$ 2,987,402

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 2020. 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 \$5,804 for 2020. All contributions were funded by January 2021.

Note 11 - Accounts and Other Payables

The following is a summary of payables at December 31, 2020:

<u>Class of Payable</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Accounts	\$ 7,779	\$ 2,541	\$ 10,320
Withholding and Payroll Accruals	2,810	6,803	9,613
Customer Deposits	-	28,815	28,815
Total Current Payables	<u>\$ 10,589</u>	<u>\$ 38,159</u>	<u>\$ 48,748</u>

Note 12 - Notes and Capital Leases

Notes payable and capital leases at December 31, 2020 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 2020 equaled \$3,383. The bond balance owed at year end is \$80,184. A schedule of annual payments are listed below:

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 12 - Notes and Capital Leases (continued)

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2021	\$ 3,371	\$ 1,829	\$ 5,200
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
2026-2030	13,778	12,222	26,000
2031-2035	10,984	15,016	26,000
2036-2040	7,551	18,449	26,000
2041-2045	3,333	24,549	27,882
Total	<u>\$ 51,698</u>	<u>\$ 80,184</u>	<u>\$ 131,882</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 2020 was \$146. A schedule of annual payments are as follows:

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2021	29	3,964	3,993

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:

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 12 - Notes and Capital Leases (continued)

A schedule of annual payments are as follows:

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2021	\$ 28,727	\$ 13,813	\$ 42,540
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
2026-2030	122,815	89,885	212,700
2031-2035	104,309	108,391	212,700
2036-2040	81,994	130,706	212,700
2041-2045	55,085	157,615	212,700
2046-2050	22,635	190,065	212,700
2051	233	21,142	21,375
Total	<u>\$ 525,231</u>	<u>\$ 772,344</u>	<u>\$ 1,297,575</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. This project was completed in 2012 totaling \$481,159. The interest paid in 2020 is \$22,503. The outstanding loan balance based on information from the USDA at December 31, 2020 is \$493,747.

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:

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 12 - Notes and Capital Leases (continued)

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2021	\$ 21,970	\$ 12,146	\$ 34,116
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
2026-2030	87,246	83,334	170,580
2031-2035	66,263	104,317	170,580
2036-2040	39,996	130,584	170,580
2041-2044	8,885	108,941	117,826
Total	<u>\$ 306,399</u>	<u>\$ 493,747</u>	<u>\$ 800,146</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, 2020 the Water Department owed the General Fund \$5,905 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, 2020.

Due To General Fund from the Enterprise Fund:

Garbage Revenue \$ 5,905

Due From General Fund to Enterprise Fund:

Miscellaneous Transfers (1,063)

Sales Taxes -

Total \$ 4,842

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

Due From Other Funds, Balance Sheet (Net) – Governmental Funds \$ 4,842

Due To Other Funds, Statement of Net Assets – Proprietary Funds (4,842)

Total \$ -

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 2021.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 - Grants

During the year ended December 31, 2020, the Town of Marion received grant funds from the Louisiana Community Development Block Grant of \$110,168 for water system improvements. The project was completed in 2020.

Note 17 - Litigation and Claim

At December 31, 2020, the Town was not involved in any lawsuits nor is aware of any outstanding claims, which are not covered by insurance.

Note 18 - 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 19 - Other

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

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

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 20 - Subsequent Events

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through June 18, 2021, 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, 2020

				<u>Schedule 1</u>
	<u>Budgeted Amounts</u>			<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>
				<u>(Negative)</u>
BUDGETARY FUND BALANCE				
BEGINNING OF YEAR	\$ 453,422	\$ 486,957	\$ 486,957	\$ -
Resources				
Property Taxes	55,000	55,000	60,644	5,644
Franchise Taxes	44,700	40,570	42,164	1,594
Sales Taxes	145,000	99,275	101,088	1,813
Licenses and Permits	42,000	42,000	43,377	1,377
Intergovernmental	6,960	6,890	28,452	21,562
Sanitation Fees	49,400	60,230	62,030	1,800
Fines	41,000	10,162	10,451	289
Interest Income	1,900	1,850	2,245	395
Miscellaneous	13,425	26,975	28,740	1,765
Transfers From Other Funds	-	-	10,000	10,000
Total Resources	<u>399,385</u>	<u>342,952</u>	<u>389,191</u>	<u>46,239</u>
Amounts available for appropriations	<u>852,807</u>	<u>829,909</u>	<u>876,148</u>	<u>46,239</u>
Charges to appropriations				
Current				
General government	101,400	101,305	102,641	(1,336)
Police Protection	164,735	148,985	149,153	(168)
Fire Protection	36,534	36,809	23,330	13,479
Public works	43,100	45,225	46,318	(1,093)
Sanitation Department	10,405	31,513	28,698	2,815
Culture and Recreation	2,055	2,280	2,439	(159)
Debt Service	-	-	11,198	(11,198)
Capital Outlay	-	-	15,044	(15,044)
Transfers To Other Funds	-	-	5,000	(5,000)
Total Charges to appropriations	<u>358,229</u>	<u>366,117</u>	<u>383,821</u>	<u>(17,704)</u>
BUDGETARY FUND BALANCE				
END OF YEAR	<u>\$ 494,578</u>	<u>\$ 463,792</u>	<u>\$ 492,327</u>	<u>\$ 28,535</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, 2020

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, 2020

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, 2020

Agency Head
 Danny Smith, Mayor

Salary		\$	6,000
Benefits			
Benefits - Retirement	-		
Benefits - Insurance	-		
Car Allowance	-		
Travel	565		
Reimbursements	103		
Total Benefits			<u>668</u>
Total		\$	<u><u>6,668</u></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, 2020

	First Six Month Period Ended 6/30/2020	Second Six Month Period Ended 12/31/2020
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ -	\$ -
Add: Collections		
Criminal Court Costs/Fees	990	510
Criminal Fines - Other	5,735	3,216
Subtotal Collections	6,725	3,726
Less: Disbursements to Governments & Nonprofits:		
LA Comm on Law Enforcement - Criminal Fines Other	65	31
DHH-TH/SCI T.F. - Criminal Fines Other	165	80
North Louisiana Crime Lab	990	480
Louisiana Supreme Court - Criminal Fine - Other	16	8
Treasurer, State of Louisiana, CMIS - Criminal Fines - Other	33	16
Less: Amounts Retained by Collecting Agency		
Criminal Fines - Other	5,456	2,919
Subtotal Disbursements/Retainage	6,725	3,534
Total: Ending Balance of Amounts Collected but not Disbursed/ Retained (i.e. cash on hand)	\$ -	\$ 192

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*



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

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, 2020, 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 18, 2021.

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 2020-01 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 Response to Findings

The Town's response to the findings identified in my audit is 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 18, 2021

TOWN OF MARION
MARION, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020, which collectively comprise the basic financial statements and have issued our report thereon dated June 18, 2021. 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, 2020 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

2020-01 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, 2020

2020-01 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, 2020

2019-01 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 2020-01.