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TOWN OF MARION
MARION, LOUISIANA

AUDIT REPORT

YEAR ENDED
DECEMBER 31, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 08-30-00

TOWN OF MARION
MARION, LOUISIANA
ANNUAL FINANCIAL REPORT
DECEMBER 31, 1999

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TOWN OF MARION
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AUDIT RECOMMENDATIONS AND REPLIES

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May 16, 2000

INDEPENDENT AUDITORS' REPORT

The Honorable Kenneth W. Franklin, Mayor
and Members of the Board of Alderman

We have audited the accompanying general-purpose financial statements of the Town of Marion, Louisiana, as of and for the years ended December 31, 1999 and 1998, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Town of Marion, Louisiana's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

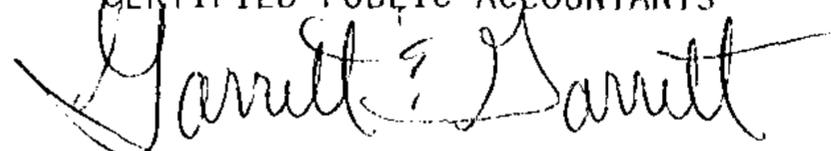
Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We were unable to obtain the financial activities for the Marion Volunteer Fire Department. (See Note #11)

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding records of the Marion Volunteer Fire Department, the general-purpose financial statements referred above present fairly, in all material respects, the financial position of the Town of Marion, Louisiana, as of December 31, 1999 and 1998, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

The accompanying statements of the cash accounts, schedule of insurance in force and graphs are not required part of the general purpose financial statements and are presented for purposes of additional analysis.

GARRETT & GARRETT
CERTIFIED PUBLIC ACCOUNTANTS



TOWN OF MARION
 MARION, LOUISIANA
 COMBINED BALANCE SHEETS - ALL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 1999

	GENERAL	ENTERPRISE	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	TOTAL (MEMORANDUM ONLY) PRIMARY GOVERNMENT
ASSETS					
Cash	\$ 43,766.63	\$ 124,151.61	\$.00	\$.00	\$ 167,918.24
Accounts Receivable (Net of allowances for uncollectibles)	2,289.72	15,495.20	.00	.00	17,784.92
Inventory	.00	14,587.00	.00	.00	14,587.00
Accrued Interest Receivable	.00	233.60	.00	.00	233.60
Restricted Assets					
Investments at Cost or Amortized Cost	.00	14,104.58	.00	.00	14,104.58
Resources to be Provided in Future Years	.00	.00	.00	62,640.02	62,640.02
Land	.00	11,900.00	5,725.00	.00	17,625.00
Buildings	.00	15,000.00	41,567.69	.00	56,567.69
Improvements Other Than Buildings	.00	1,219,533.95	102,564.00	.00	1,322,097.95
Equipment	.00	57,014.99	328,197.14	.00	385,212.13
Accumulated Depreciation	.00	(545,575.26)	.00	.00	(545,575.26)
TOTAL ASSETS AND OTHER DEBTS	\$ 46,056.35	\$ 926,345.67	\$ 478,053.83	\$ 62,640.02	\$ 1,513,095.87
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Vouchers Payable	\$ 3,789.90	\$ 1,204.17	\$.00	\$.00	\$ 4,994.07
Accrued Liabilities	3,232.62	1,634.63	.00	.00	4,867.25
Payable for Customer's Deposit	.00	10,190.00	.00	.00	10,190.00
Notes Payable	.00	.00	.00	62,640.02	62,640.02
TOTAL LIABILITIES	\$ 7,022.52	\$ 13,028.80	\$.00	\$ 62,640.02	\$ 82,691.34
EQUITY AND OTHER CREDITS					
Contributed Capital	.00	\$ 465,800.97	\$.00	\$.00	\$ 465,800.97
Investment in General Fixed Assets	.00	.00	478,053.83	.00	478,053.83
Reserve	.00	.00	.00	.00	.00
Unreserved/Undesignated	39,033.83	447,515.90	.00	.00	486,549.73
TOTAL EQUITY AND OTHER CREDITS	\$ 39,033.83	\$ 913,316.87	\$ 478,053.83	\$.00	\$ 1,430,404.53
TOTAL LIABILITIES AND EQUITY AND OTHER CREDITS	\$ 46,056.35	\$ 926,345.67	\$ 478,053.83	\$ 62,640.02	\$ 1,513,095.87

See accompanying notes and auditors' report.

TOWN OF MARION
MARION, LOUISIANA
GENERAL FUND

EXHIBIT B

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1999

	1999	1998
<u>REVENUES</u>		
Taxes		
Sales	\$ 94,113.04	\$ 92,347.87
Property	26,623.46	23,079.76
Franchise	22,981.20	27,155.61
Licenses and Permits	27,704.34	24,993.13
Intergovernment Revenues	18,956.50	28,401.80
Charges for Services - Garbage	27,870.00	27,755.00
Charges for Services - DOTD	5,120.76	.00
Fines and Forfeits	8,045.14	6,274.88
Miscellaneous	4,140.19	11,237.62
Interest Income	1,472.68	1,171.26
Total Revenues	\$ 237,027.31	\$ 242,416.93
<u>EXPENDITURES</u>		
Current		
General and Administrative	\$ 49,267.77	\$ 90,401.34
Police Department	84,100.21	51,921.09
Fire Department	9,098.08	5,817.03
Street Department	21,845.19	19,768.58
Garbage Department	24,271.74	17,953.29
Parks Department	1,515.88	1,244.86
Total Expenditures	\$ 190,098.87	\$ 187,106.19
<u>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</u>	\$ 46,928.44	\$ 55,310.74
<u>OTHER FINANCING SOURCES (USES)</u>		
Operating Transfers In Water and Sewer Department	\$.00	\$ 5,181.62
<u>PAYMENTS FOR ACQUISITION OF CAPITAL ASSETS</u>	\$ 32,559.21	\$ 40,771.71
<u>PAYMENTS TO LONG-TERM DEBT</u>	\$ 21,451.94	\$ 27,845.48
<u>GRANTS AND GOVERNMENT PROGRAMS</u>	\$ 25,219.47	\$ 17,700.00
<u>EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES) BEFORE EXTRAORDINARY ITEM</u>	\$ 18,136.76	\$ 9,575.17
Extraordinary Item: Receivable from Theft	.00	(6,500.00)
<u>EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)</u>	\$ 18,136.76	\$ 3,075.17
<u>FUND BALANCE - UNRESERVED JANUARY 1</u>	20,897.07	17,821.90
<u>FUND BALANCE - UNRESERVED DECEMBER 31</u>	\$ 39,033.83	\$ 20,897.07

See accompanying notes and auditors' report.

TOWN OF MARION
MARION, LOUISIANA
ENTERPRISE FUND

EXHIBIT C

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1999

	1999	1998
<u>OPERATING REVENUES</u>		
Charges for Services	\$ 97,371.84	\$ 107,259.68
Sales Tax Collected	59,326.16	55,826.53
Miscellaneous	801.08	.00
Total Operating Revenues	\$ 157,499.08	\$ 163,086.21
<u>OPERATING EXPENSES</u>		
Cost of Sales and Services	\$ 100,769.65	\$ 101,588.68
Administrative	25,905.07	16,638.82
Depreciation	56,816.00	57,228.26
Total Operating Expenses	\$ 183,490.72	\$ 175,455.76
<u>OPERATING INCOME (LOSS)</u>	\$ (25,991.64)	\$ (12,369.55)
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest Income	\$ 6,637.41	\$ 5,526.38
Interest Expense & Fiscal Charges	.00	.00
Total Non-operating Revenues (Expenses)	\$ 6,637.41	\$ 5,526.38
<u>NET INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	\$ (19,354.23)	\$ (6,843.17)
<u>TRANSFER TO/FROM OTHER FUNDS</u>	.00	(5,181.62)
<u>NET INCOME (LOSS) BEFORE NON-OPERATING ADDITIONS (DEDUCTIONS)</u>	\$ (19,354.23)	\$ (12,024.79)
Add Back Depreciation on Assets Acquired with Capital Grants	29,413.89	29,293.89
<u>NET INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS</u>	\$ 10,059.66	\$ 17,269.10
Receivable from Theft	.00	(13,499.70)
Net Income (Loss)	\$ 10,059.66	\$ 3,769.40
<u>RETAINED EARNINGS - UNRESERVED JANUARY 1</u>	437,456.24	302,823.00
Adjustments to Beginning Balance	.00	10,599.59
Adjustments to Beginning Contributed Capital Due to Depreciation	.00	120,264.25
<u>RETAINED EARNINGS - UNRESERVED DECEMBER 31</u>	\$ 447,515.90	\$ 437,456.24

See accompanying notes and auditors' report.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Marion was incorporated 1909, under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Town of Marion 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.

Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Town executive and legislative branches (the Mayor and Board of Aldermen)(See Note #11). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibilities.

Fund Accounting

The accounts of the Town are organized on the basis of funds and account groups, 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, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories as follows:

Government Funds Types

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Proprietary Fund Types

Enterprise Fund - The Water Works and Sewer System Fund is used to account for the operations of the Water and Sewer Utility Enterprise Fund. Enterprise Funds are used to account for operations (a) which are financed and operated in a manner similar to private business enterprises - 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

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Proprietary Fund Types Continued

recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The modified accrual basis of accounting is followed by all governmental funds (General Fund, Special Revenue Funds, Debt Service Funds), and expendable Trust Funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Ad valorem taxes are considered "measurable" at the time of levy and are recognized as revenue at that time. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria is met.

Charges for general governmental services, fines and penalties, and miscellaneous other revenues are record as revenues when received in cash because they are generally not measurable until actually received. Taxes, charges for services, and investment earnings are recorded as earned since they are measurable and available.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unbilled Water Works and Sewer System Fund utility service receivables are recorded at year end.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Budgets and Budgetary Accounting

The Mayor and Council Members follow these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to December 31, the Town Clerk submits to the Mayor and Council Members a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. The budget is submitted in summary form. In addition, more detailed line item budgets are included for administrative control. Budgetary Control is exercised at the departmental level.
- (2) Public hearings are conducted to obtain taxpayer comment.
- (3) During either month of November or December the budget is legally enacted through passage of an ordinance.
- (4) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Debt Service Fund, if any.
- (5) Budgets are for the General, Debt Service, and Special Revenue Funds are adopted on a basis of cash receipts and cash disbursements which is a variance with generally accepted accounting principles. Conversions to GAAP basis are made at close of year.
- (6) Appropriations lapse at the end of each fiscal year.
- (7) The Mayor and Council Members may authorize supplemental appropriations during the year. Supplemental appropriations were made during the fiscal year.

Investments

Louisiana Statutes permit the Town to invest in United State bonds, treasury notes, or certificates. Investments are stated at cost or amortized cost, which approximates market.

Inventories

Inventory held by the Water Works and Sewer System Fund is carried at the lower of cost (first-in, first-out) or market. Inventory acquisitions in the General Fund are recorded in expense accounts initially and charged as current assets when not used at the end of the fiscal year. Minimum amounts of inventory are not maintained, therefore, equity reserves for inventory have not been established. The cost value of such inventories in the General Fund were of an

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Inventories Continued

immaterial amount at the close of the fiscal year and, accordingly, were not recorded in the financial statements.

Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending of "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (generally fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, have not been capitalized. Such assets are normally immovable and of value only to the Town. Therefore, the purpose of stewardship for these items is satisfied without recording of these assets. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

Long-term general obligations expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

The two account groups are not "funds." They are concerned only with the measurement of financial position, and are not involved with measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Fixed Assets and Long-Term Liabilities Continued

segregated into contributed capital and retained earnings components. Proprietary fund types operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations.

Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Utility Plant/Sewer Collection System	5 - 40 Years
Machinery & Equipment	3 - 10 Years

Restricted Assets

These assets consist of cash and cash equivalents restricted for the customer water deposits.

Compensated Absences

Town employees are entitled to ten days vacation time per year. Forty hours are vested after six months of employment. Sick time is accrued at the same rate. Any vacation time is paid at the termination of employment, while sick time is not guaranteed. Unpaid vacation time has been recorded as an accrued payable, while sick time has not. The Town also allows employees to take compensation time for hours worked. This time has been recorded as an accrued payable.

Total Columns on Combined Statements - Overview

Total columns on the Combined Statements - Overviews are captioned Memorandum Only to indicated that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations, if any, have not been made in the aggregation of this data.

NOTE #2 - CASH

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.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE #2 - CASH CONTINUED

At December 31, 1999, the Town has cash totaling \$182,022.82, as follows:

Cash in Checking or On Hand	\$ 57,170.89
Certificates of Deposits	110,747.35
Restricted Assets (Cash)	<u>14,104.58</u>
Total	<u>\$ 182,022.82</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These securities are held in the name of the pledging bank in a holding or custodial bank that is mutually acceptable to both parties. The State of Louisiana banking regulations require the FDIC to insure \$100,000 of checking and \$100,000 of savings for each municipality. Cash and cash equivalents (bank balances) at December 31, 1999, are secured as follows:

Bank Balances	<u>\$ 181,772.82</u>
Federal Deposit Insurance	\$ 159,155.73
Pledge Securities	<u>22,617.09</u>
Total	<u>\$ 181,772.82</u>

Pledge Securities are actually \$250,000, but the amount needed above the FDIC requirement is only \$22,617.09.

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.

All property taxes are recognized in compliance with NCGA Interpretation - 3 (Revenue Recognition - Property Taxes) which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due and receivable within the current period and collected no later than sixty days after the close of the current period. For the Year Ended December 31, 1999, taxes of 5.82 mills were levied on property with assessed valuations totaling \$4,574,650.00 and were dedicated as follows:

General Fund	5.82 Mills
--------------	------------

Total taxes levied in 1999 were \$26,624.51.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE #4 - RECEIVABLES

A summary of receivables as of December 31, 1998, follows:

General Fund	
Property Taxes	\$ 2,289.72
Total General Fund	\$ 2,289.72
Enterprise Fund Water/Sewerage	
Trade Accounts	\$ 20,511.20
Allowance for Doubtful Accounts	5,016.00
Total Enterprise Fund Water/Sewerage	\$ 15,495.20
Total All Funds	<u>\$ 17,784.92</u>

In 1999, the water department set up a new billing system. The initial set up of the water and sewer rates were for the wrong amount. This caused some of the bills with water usage over 2,000 gallons to be calculated lower than normal. Each bill that met this criteria was off by \$2.56. This problem has been corrected.

NOTE #5 - ALLOWANCE FOR DOUBTFUL ACCOUNTS

Allowance for Doubtful Accounts for the Proprietary Fund - Water/Sewer Receivable Accounts is based on the collectibility of outstanding receivables.

NOTE #6 - RESTRICTED ASSETS - WATER/SEWER

These assets consist of cash restricted for the Water Meter Deposits.

Customers' Deposits on Meters	\$ 14,104.58
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The liability for customer's deposits on meters is \$10,190.00. The Town has over funded this restricted assets by \$3,394.58.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE #7 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>BALANCE</u> <u>01/01/99</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>12/31/99</u>
Land	\$ 5,725.00	\$.00	\$.00	\$ 5,725.00
Buildings	41,567.69	.00	.00	41,567.69
Other Improvements	102,564.00	.00	.00	102,564.00
Equipment	<u>295,761.93</u>	<u>47,990.21*</u>	<u>15,555.00</u>	<u>328,197.14</u>
Total General Fixed Assets	<u>\$445,618.62</u>	<u>\$ 47,990.21</u>	<u>\$ 15,555.00</u>	<u>\$478,053.83</u>

* Additions include a 1993 police car, \$12,931 and a used fire truck, \$2,500. The beginning balance for 1998 should have included these assets. Since we could not find these assets in the detail of the prior reports, we concluded they were left off.

A summary of propriety fund type property, land and equipment at December 31, 1999:

Land	\$ 11,900.00
Building Improvement	15,000.00
Water/Sewer Treatment System	1,219,533.95
Vehicles and Equipment	57,014.99
Total	<u>\$ 1,303,448.94</u>
Less Accumulated Depreciation	545,675.26
Net	<u>\$ 757,773.68</u>

NOTE #8 - PAYMENTS FOR ACQUISITION OF CAPITAL ASSETS

	<u>1999</u>	<u>1998</u>
General and Administrative	\$.00	\$ 1,390.00
Police Department	25,577.21	8,208.09
Fire Department	<u>6,982.00</u>	<u>31,173.62</u>
Total Payments for Acquisition of Capital Assets	<u>\$ 32,559.21</u>	<u>\$ 40,771.71</u>

NOTE #9 - CHANGES IN LONG-TERM DEBT

Notes payable at December 31, 1999 are comprised of the following individual issues:

- Bank One - Loan on Fire Truck
Original Note: \$100,000
Date: December 20, 1996
Interest: Variable (at present 6.15%)
Monthly Payment: \$1,468.05

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE #9 - CHANGES IN LONG-TERM DEBT CONTINUED

Total interest and principal paid in 1999 were \$3,930.37 and \$12,421.57, respectively.

YEAR ENDING 12/31	Principal	INTEREST	TOTAL PAYMENTS
2000	\$ 14,200.26	\$ 3,416.34	\$ 17,616.60
2001	15,098.60	2,518.00	17,616.60
2002	16,053.81	1,562.79	17,616.60
2003	16,633.94	541.89	17,175.83
2004	.00	.00	.00
	<u>\$ 61,986.61</u>	<u>\$ 8,039.02</u>	<u>\$ 70,025.63</u>

2. Marion State Bank - Unsecured Loan
 Original Note: \$9,220
 Date: March 2, 1998
 Interest: 8%
 Monthly Payment: \$417.09

Proceeds were used to buy a new police car. Total interest and principal paid in 1999 were \$264.35 and \$4,835.65, respectively.

YEAR ENDING 12/31	Principal	INTEREST	TOTAL PAYMENTS
2000	\$ 653.41	\$ 3.25	\$ 656.66
2001	.00	.00	.00
	<u>\$ 653.41</u>	<u>\$ 3.25</u>	<u>\$ 656.66</u>

PAYMENTS TO LONG-TERM DEBT	1999	1998
Police Department	\$ 5,100.00	\$ 4,234.18
Fire Department	16,351.94	19,130.85
Street Department	.00	4,480.45
Total Payments to Long-Term Debt	<u>\$ 21,451.94</u>	<u>\$ 27,845.48</u>

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE #10 - COMPENSATION MAYOR AND BOARD

Schedule of Compensation Paid to the Mayor and Aldermen/Women
For the Year Ended December 31, 1999

Mayor Kenneth W. Franklin P. O. Box 405 Marion, LA 71260 318 292-4485	\$ 4,500.00
Alderman George Futch P. O. Box 152 Marion, LA 71260 318 292-5500	720.00
Alderman Johnny B. Gilliam P. O. Box 408 Marion, LA 71260 318 292-5550	720.00
Alderman Charles M. McCartney 1789 Thomas Street Marion, LA 71260 318 292-4212	720.00
Aldерwoman Ann D. Miller 1042 Main Street Marion, LA 71260 318 292-5405	720.00
Alderman Eugene "Bubba" Hoggatt P. O. Box 376 Marion, LA 71260 318 292-5419	720.00

NOTE #11 - MARION VOLUNTEER FIRE DEPARTMENT

The Marion Volunteer Fire Department covers the Marion Fire District of Union Parish, with the majority of the fire district being the rural area. The expenditures of the fire department are funded by an annual fire insurance rebate, which is included in the transactions of the General Fund. The Fire Department has separate cash accounts that are not included in this financial statement. The Volunteer Fire Department also includes certain assets that have not been inventoried. We do not know if all equipment has been accounted for on the books of the general fixed assets.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE #11 - MARION VOLUNTEER FIRE DEPARTMENT CONTINUED

The Volunteer Fire Department uses the same Federal I. D. number as the Town of Marion. The fire department is a department of the General Fund and not a component unit of the Town. We have not audited or reviewed any transactions of the Marion Volunteer Fire Department's separate cash accounts other than those transactions covered by the General Fund financial statements.

NOTE #12 - CONTINGENCIES

The Town of Marion is involved in a lawsuit that charges their police department with exerting undue force, violence and harassment against a Marion man. The Town's attorney feels that the Town's insurance policy should cover any payment of damages, if any.

In prior year's the former Town Clerk, Gail Durbin, stole property from the Town of Marion. Mrs. Durbin is scheduled to be released from prison in May 2000. The District Attorney has ordered her to make monthly payments to the Town as reimbursement for the stolen property. A receivable has not been set up on the books of the Town.

The Town had insurance to cover part of the above theft. Their insurance company has refused to pay this claim. The Town's attorney is exploring legal avenues regarding this matter.

NOTE # 13 WATER & SEWER STATISTICS

MONTHLY RATES FOR SERVICES

Water Rates are:

0 - 2,000 Gal.	\$ 5.00
Over 2,000 Gal.	\$ 1.50/1,000 Gal.

Sewer Rates are based on water usage:

1-2,000 Gal.	\$ 4.00
Over 2,000 Gal.	\$ 1/1,000 Gal. Max. \$12

Garbage Rates are:

Regular Customer	\$ 5.00 a month
Industry Customers	\$ 40.00, \$140.00, \$300.00 a month

Sales Tax is charged at 4% of all water charges, except government owned entities. Late charges are charged at 5% of the total monthly bill.

ESTIMATED USAGE

The estimated gallons of water sold during 1999 was 32,426,476 gallons for 395 customers. The population of Marion is 773.

The estimated sewer charges for 1999 were \$33,071.65.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE #14 - PENSION COST

No employee was a member of the state retirement system during 1999.

NOTE #15 - GRANTS AND GOVERNMENT PROGRAMS

During 1999, the Town received \$15,000 from a Community Development Grant. The money was used to buy a police car.

The Town also received money from the U. S. Department of Justice for a Cops Grant. The grant pays a portion of the payroll, education and other expenditures for new police officers. The grant reimbursed the Town \$8,824.47.

The state of Louisiana initiated reimbursement programs for police officer's time worked on summer holidays. The reimbursement was \$1,395.

FINANCIAL STATEMENTS
OF INDIVIDUAL FUNDS

GENERAL FUND

TOWN OF MARION
MARION, LOUISIANA
GENERAL FUND
BALANCE SHEETS
DECEMBER 31, 1999 AND 1998

STATEMENT A-1

	<u>1999</u>	<u>1998</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 43,766.63	\$ 37,296.30
<u>ACCOUNTS RECEIVABLE</u>	<u>2,289.72</u>	<u>2,199.48</u>
<u>TOTAL ASSETS</u>	<u>\$ 46,056.35</u>	<u>\$ 39,495.78</u>
<u>LIABILITIES AND FUND EQUITY</u>		
<u>CURRENT LIABILITIES</u>		
Vouchers Payable	\$ 3,789.90	\$ 16,985.74
Accrued Liabilities	<u>3,232.62</u>	<u>1,612.97</u>
Total Current Liabilities	<u>\$ 7,022.52</u>	<u>\$ 18,598.71</u>
<u>EQUITY</u>		
Unreserved	<u>\$ 39,033.83</u>	<u>\$ 20,897.07</u>
<u>TOTAL LIABILITIES AND EQUITY</u>	<u>\$ 46,056.35</u>	<u>\$ 39,495.78</u>

See accompanying notes and auditors' report.

TOWN OF MARION
MARION, LOUISIANA
GENERAL FUND

STATEMENT A-2

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEARS ENDED DECEMBER 31, 1999 AND 1998

<u>REVENUES</u>	<u>1999</u>	<u>1998</u>
Taxes		
Sales	\$ 94,113.04	\$ 92,347.87
Property	26,623.46	23,079.76
Franchise	22,981.20	27,155.61
Licenses and Permits	27,704.34	24,993.13
Intergovernment Revenues	18,956.50	28,401.80
Charges for Services - Garbage	27,870.00	27,755.00
Charges for Services - DOTD	5,120.76	.00
Fines and Forfeits	8,045.14	6,274.88
Miscellaneous	4,140.19	11,237.62
Interest Income	1,472.68	1,171.26
Total Revenues	<u>\$ 237,027.31</u>	<u>\$ 242,416.93</u>
 <u>EXPENDITURES</u>		
Current		
General and Administrative	\$ 49,267.77	\$ 90,401.34
Police Department	84,100.21	51,921.09
Fire Department	9,098.08	5,817.03
Street Department	21,845.19	19,768.58
Garbage Department	24,271.74	17,953.29
Parks Department	1,515.88	1,244.86
Total Expenditures	<u>\$ 190,098.87</u>	<u>\$ 187,106.19</u>
 <u>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</u>	<u>\$ 46,928.44</u>	<u>\$ 55,310.74</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Operating Transfers In Water and Sewer Department	\$.00	\$ 5,181.62
 <u>PAYMENTS FOR ACQUISITION OF CAPITAL ASSETS</u>	<u>\$ 32,559.21</u>	<u>\$ 40,771.71</u>
 <u>PAYMENTS TO LONG-TERM DEBT</u>		
Police Department	\$ 21,451.94	\$ 27,845.48
 <u>GRANTS AND GOVERNMENT PROGRAMS</u>	<u>\$ 25,219.47</u>	<u>\$ 17,700.00</u>
 <u>EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES) BEFORE EXTRAORDINARY ITEM</u>	<u>\$ 18,136.76</u>	<u>\$ 9,575.17</u>
Extraordinary Item: Receivable from Theft	.00	(6,500.00)
<u>EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)</u>	<u>\$ 18,136.76</u>	<u>\$ 3,075.17</u>
 <u>FUND BALANCE - UNRESERVED JANUARY 1</u>	<u>20,897.07</u>	<u>17,821.90</u>
 <u>FUND BALANCE - UNRESERVED DECEMBER 31</u>	<u>\$ 39,033.83</u>	<u>\$ 20,897.07</u>

See accompanying notes and auditors' report.

TOWN OF MARION
MARION, LOUISIANA
GENERAL FUND

STATEMENT A-3

STATEMENT OF REVENUES, EXPENDITURES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1999

<u>REVENUE</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Taxes			
Sales	\$ 75,000.00	\$ 94,113.04	\$ 19,113.04
Property	20,000.00	26,623.46	6,623.46
Franchise	21,900.00	22,981.20	1,081.20
Licenses and Permits	27,870.00	27,704.34	(165.66)
Intergovernment Revenues	16,223.00	18,956.50	2,733.50
Charges for Services - Garbage	28,000.00	27,870.00	(130.00)
Charges for Services - DOTD	5,120.00	5,120.76	.76
Fines and Forfeits	6,600.00	8,045.14	1,445.14
Miscellaneous	2,000.00	4,140.19	2,140.19
Interest Income	500.00	1,472.68	972.68
Total Revenues	<u>\$ 203,213.00</u>	<u>\$ 237,027.31</u>	<u>\$ 33,814.31</u>
 <u>EXPENDITURES</u>			
Current			
General and Administrative	\$ 55,990.00	\$ 49,267.77	\$ 6,722.23
Police Department	56,650.00	84,100.21	(27,450.21)
Fire Department	8,050.00	9,098.08	(1,048.08)
Street Department	20,750.00	21,845.19	(1,095.19)
Garbage Department	25,615.00	24,271.74	1,343.26
Parks Department	2,550.00	1,515.88	1,034.12
Total Expenditures	<u>\$ 169,605.00</u>	<u>\$ 190,098.87</u>	<u>\$ (20,493.87)</u>
 <u>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</u>	 <u>\$ 33,608.00</u>	 <u>\$ 46,928.44</u>	 <u>\$ 13,320.44</u>
 <u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In Water and Sewer Department	<u>\$ 10,000.00</u>	<u>\$.00</u>	<u>\$ (10,000.00)</u>
 <u>PAYMENTS FOR ACQUISITION OF CAPITAL ASSETS</u>	 <u>\$ 21,148.06</u>	 <u>\$ 32,559.21</u>	 <u>\$ (11,411.15)</u>
 <u>PAYMENTS TO LONG-TERM DEBT</u>	 <u>\$ 21,351.94</u>	 <u>\$ 21,451.94</u>	 <u>\$ (100.00)</u>
 <u>GRANTS AND GOVERNMENT PROGRAMS</u>	 <u>\$.00</u>	 <u>\$ 25,219.47</u>	 <u>\$ 25,219.47</u>
 <u>EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES) BEFORE EXTRAORDINARY ITEM</u>	 <u>\$ 1,108.00</u>	 <u>\$ 18,136.76</u>	 <u>\$ 17,028.76</u>

See accompanying notes and auditors' report.

GENERAL LONG-TERM DEBT

TOWN OF MARION
MARION, LOUISIANA
GENERAL LONG-TERM DEBT
BALANCE SHEETS
DECEMBER 31, 1999 AND 1998

STATEMENT B-1

	<u>MARION</u>	<u>1999</u>	<u>1998</u>
<u>BANK ONE</u>	<u>STATE BANK</u>		
<u>FIRE TRUCK</u>			
<u>RESOURCES TO BE PROVIDED IN FUTURE</u>			
<u>YEARS</u>			
General Fund	\$ 653.41	\$ 62,640.02	\$ 80,282.88
<u>TOTAL AVAILABLE AND TO BE PROVIDED</u>	<u>\$ 653.41</u>	<u>\$ 62,640.02</u>	<u>\$ 80,282.88</u>
<u>GENERAL LONG-TERM DEBT PAYABLE</u>	<u>\$ 653.41</u>	<u>\$ 62,640.02</u>	<u>\$ 80,282.88</u>
<u>TOTAL GENERAL LONG-TERM</u>			
<u>DEBT PAYABLE</u>	<u>\$ 653.41</u>	<u>\$ 62,640.02</u>	<u>\$ 80,282.88</u>

See accompanying notes and auditors' report.

ENTERPRISE FUND

STATEMENT C-1

TOWN OF MARION
 MARION, LOUISIANA
 ENTERPRISE FUND
 BALANCE SHEETS
 DECEMBER 31, 1999 AND 1998

	1999	1998	LIABILITIES AND EQUITY	1999	1998
<u>ASSETS</u>					
<u>CURRENT ASSETS</u>			<u>CURRENT LIABILITIES</u>		
Cash	\$ 124,151.61	\$ 99,725.83	Vouchers Payable	\$ 1,204.17	\$ 13,069.16
Accounts Receivable (Net of Allowance for Uncollectables)	15,495.20	16,950.62	Other Accrued Expenses	1,534.63	1,428.21
Inventory	14,587.00	14,886.00	Payable for Customer's Deposit	10,190.00	10,295.43
Accrued Interest Receivable	233.90	.00	Total Current Liabilities	\$ 13,028.80	\$ 24,792.80
Total Current Assets	\$ 154,467.41	\$ 131,562.45			
<u>RESTRICTED ASSETS</u>			<u>EQUITY</u>		
Meter Deposit - Checking	\$ 2,234.84	\$ 1,823.29	Contributed Capital	\$ 455,800.97	\$ 495,214.86
Meter Deposit - Savings	11,869.74	11,223.48	<u>RETAINED EARNINGS</u>		
Total Restricted Assets	\$ 14,104.58	\$ 13,046.77	Unreserved	\$ 447,515.90	\$ 437,456.24
<u>FIXED ASSETS</u>			Reserved	.00	.00
Property, Machinery and Equipment	\$ 1,291,548.04	\$ 1,289,813.94	Total Retained Earnings	\$ 447,515.90	\$ 437,456.24
Less: Accumulated Depreciation	545,675.25	488,859.26	<u>TOTAL EQUITY</u>	913,316.87	\$ 932,671.10
Net Property, Machinery and Equipment	\$ 745,873.68	\$ 800,954.68			
Land	11,900.00	11,900.00			
Total Fixed Assets	\$ 757,773.68	\$ 812,854.68			
<u>TOTAL ASSETS</u>	\$ 926,345.67	\$ 957,463.90	<u>TOTAL LIABILITIES AND EQUITY</u>	\$ 926,345.67	\$ 957,463.90

See accompanying notes and auditors' report.

TOWN OF MARION
MARION, LOUISIANA
ENTERPRISE FUND

STATEMENT C-2

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 1999 AND 1998

	1999	1998
<u>OPERATING REVENUES</u>		
Charges for Services	\$ 97,371.84	\$ 107,259.68
Sales Tax Collected	59,326.16	55,826.53
Miscellaneous	801.08	.00
Total Operating Revenues	\$ 157,499.08	\$ 163,086.21
<u>OPERATING EXPENSES</u>		
Cost of Sales and Services	\$ 100,769.65	\$ 101,588.68
Administrative	25,905.07	16,638.82
Depreciation	56,816.00	57,228.26
Total Operating Expenses	\$ 183,490.72	\$ 175,455.76
<u>OPERATING INCOME (LOSS)</u>	\$ (25,991.64)	\$ (12,369.55)
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest Income	\$ 6,637.41	\$ 5,526.38
Interest Expense & Fiscal Charges	.00	.00
Total Non-operating Revenues (Expenses)	\$ 6,637.41	\$ 5,526.38
<u>NET INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	\$ (19,354.23)	\$ (6,843.17)
<u>TRANSFER TO/FROM OTHER FUNDS</u>	.00	(5,181.62)
<u>NET INCOME (LOSS) BEFORE NON-OPERATING</u>		
<u>ADDITIONS (DEDUCTIONS)</u>	\$ (19,354.23)	\$ (12,024.79)
Add Back Depreciation on Assets Acquired with Capital Grants	29,413.89	29,293.89
<u>NET INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS</u>	\$ 10,059.66	\$ 17,269.10
Receivable from Theft	.00	(13,499.70)
Net Income (Loss)	\$ 10,059.66	\$ 3,769.40
<u>RETAINED EARNINGS - UNRESERVED JULY 1</u>	437,456.24	302,823.00
Adjustments to Beginning Balance	.00	10,599.59
Adjustments to Beginning Contributed Capital Due to Depreciation	.00	120,264.25
<u>RETAINED EARNINGS - UNRESERVED JUNE 30</u>	\$ 447,515.90	\$ 437,456.24

See accompanying notes and auditors' report.

TOWN OF MARION
MARION, LOUISIANA
ENTERPRISE FUND
STATEMENTS OF CHANGES IN CASH FLOWS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 1999 AND 1998

STATEMENT C-3

	1999	1998
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net Income (Loss)	\$ 10,059.66	\$ 3,769.40
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation (Net of Add Back)	27,402.11	27,934.37
(Increase) Decrease in Accounts Receivable	1,455.42	14,409.38
(Increase) Decrease in Inventory	299.00	5,302.00
(Increase) Decrease in Accrued Interest Receivable	(233.60)	.00
Increase (Decrease) in Vouchers Payable	(11,864.99)	(2,297.84)
Increase (Decrease) in Other Accrued Expense	206.42	1,428.21
Increase (Decrease) in Customer Deposits	(105.43)	2,246.43
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>\$ 27,218.59</u>	<u>\$ 52,791.95</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Fixed Assets	\$ (1,735.00)	\$ (42,514.94)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Receipt of Rural Development Grant	\$.00	\$ 4,800.00
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Building Swap	\$.00	\$ (5,000.00)
<u>NET INCREASE (DECREASE) IN CASH</u>	<u>\$ 25,483.59</u>	<u>\$ 10,077.01</u>
<u>CASH AT BEGINNING OF YEAR</u>	112,772.60	92,096.00
Adjustment to Beginning Cash Balance	.00	10,599.59
<u>CASH AT END OF YEAR</u>	<u>\$ 138,256.19</u>	<u>\$ 112,772.60</u>
Cash Paid for Interest	<u>\$.00</u>	<u>\$.00</u>

See accompanying notes and auditors' report.

TOWN OF MARION
MARION, LOUISIANA
ENTERPRISE FUND
SCHEDULES OF DETAIL OF EXPENSES
FOR THE FISCAL YEARS ENDED DECEMBER 31, 1999 AND 1998

STATEMENT C-4

	1999	1998
<u>COST OF SALES AND SERVICES</u>		
Salaries	\$ 36,872.52	\$ 38,892.48
Payroll Taxes	4,035.00	1,895.33
Repairs and Maintenance Supplies	35,666.91	31,749.64
Sales Taxes	2,172.00	4,350.01
Utilities	10,936.43	11,650.44
Insurance	11,086.79	13,050.78
Total Cost of Sales and Services	100,769.65	\$ 101,588.68
 <u>ADMINISTRATIVE</u>		
Salaries	\$ 15,633.75	\$ 7,515.88
Bad Debts	145.00	212.94
Office and Postage	5,896.23	5,948.34
Miscellaneous	1,460.09	361.66
Accounting and Auditing	2,770.00	2,600.00
Total Administrative	\$ 25,905.07	\$ 16,638.82

See accompanying notes and auditors' report.

STATEMENT C-5

TOWN OF MARION
 MARION, LOUISIANA
 ENTERPRISE FUND - WATER AND SEWER DEPARTMENT
 SCHEDULE OF UTILITY PLANT AND EQUIPMENT
 DECEMBER 31, 1999

	<u>ACQUIRED</u>	<u>LIFE</u>	<u>COST</u>	<u>DEPRECIATION</u>	<u>NET</u>	<u>CURRENT DEPRECIATION</u>
<u>BUILDINGS AND IMPROVEMENTS</u>		39	\$ 15,000.00	\$ 576.93	\$ 14,423.07	\$ 384.62
<u>IMPROVEMENTS OTHER THAN BUILDING</u>						
Water and Sewer System	5 -	40	\$ 898,813.95	\$ 357,347.42	\$ 541,466.53	\$ 35,634.96
Storage Tanks	20 -	40	320,720.00	149,606.72	171,113.28	14,771.79
Total			<u>\$1,219,533.95</u>	<u>\$ 506,954.14</u>	<u>\$ 712,579.81</u>	<u>\$ 50,406.75</u>
<u>MACHINERY AND EQUIPMENT</u>						
Equipment	3 -	10	\$ 57,014.99	\$ 38,144.19	\$ 18,870.80	\$ 6,024.63
<u>LAND</u>			\$ 11,900.00	.00	\$ 11,900.00	.00
<u>GRAND TOTAL</u>			<u>\$1,303,448.94</u>	<u>\$ 545,675.26</u>	<u>\$ 757,773.68</u>	<u>\$ 56,816.00</u>

See accompanying notes and auditors' report.

GENERAL FIXED ASSETS ACCOUNT GROUP

TOWN OF MARION
MARION, LOUISIANA
SCHEDULES OF GENERAL FIXED ASSETS BY SOURCE
DECEMBER 31, 1999 AND 1998

STATEMENT D-1

<u>GENERAL FIXED ASSETS</u>	<u>1999</u>	<u>1998</u>
Land	\$ 5,725.00	\$ 5,725.00
Building	41,567.69	41,567.69
Improvements Other Than Building	102,564.00	102,564.00
Machinery and Equipment	<u>328,197.14</u>	<u>295,761.93</u>
 <u>TOTAL GENERAL FIXED ASSETS</u>	 <u>\$ 478,053.83</u>	 <u>\$ 445,618.62</u>
 <u>INVESTMENT IN GENERAL FIXED ASSETS BY SOURCE</u>		
General Fund	\$ 375,875.83	\$ 321,905.62
Federal Grants	19,370.00	19,370.00
State Grants	82,808.00	85,152.00
Unidentified	<u>.00</u>	<u>19,191.00</u>
 <u>TOTAL INVESTMENT IN GENERAL FIXED ASSETS BY SOURCE</u>	 <u>\$ 478,053.83</u>	 <u>\$ 445,618.62</u>

See accompanying notes and auditors' report.

STATEMENT D-2

TOWN OF MARION
MARION, LOUISIANA
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1999

GENERAL FIXED ASSETS
January 1, 1999

ADDITIONS

DEDUCTIONS

Assets Sold and Retired

GENERAL FIXED ASSETS
DECEMBER 31, 1999

	<u>LAND</u>		<u>BUILDING</u>		<u>IMPROVEMENTS OTHER THAN BUILDING</u>		<u>MACHINERY AND EQUIPMENT</u>
\$	5,725.00	\$	41,567.69	\$	102,564.00	\$	295,761.93
	.00		.00		.00		47,990.21
	<u>.00</u>		<u>.00</u>		<u>.00</u>		<u>(15,555.00)</u>
\$	<u>5,725.00</u>	\$	<u>41,567.69</u>	\$	<u>102,564.00</u>	\$	<u>328,197.14</u>

See accompanying notes and auditors' report.

COMMENTS ON COMPLIANCE AND INTERNAL CONTROL

GARRETT & GARRETT
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May 16, 2000

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

The Honorable Kenneth W. Franklin, Mayor
and Members of the Board of Alderman

We have audited the financial statements of the Town of Marion, Louisiana as of and for the year ended December 31, 1999, and have issued our report thereon dated May 16, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Marion, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

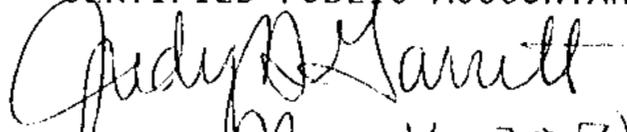
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Marion, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

The Honorable Kenneth W. Franklin, Mayor
and Members of the Board of Alderman
May 16, 2000
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This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

GARRETT & GARRETT
CERTIFIED PUBLIC ACCOUNTANTS


Date May 16, 2000

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May 16, 2000

INDEPENDENT AUDITORS' REPORT ON LOUISIANA
SYSTEMS SURVEY AND COMPLIANCE QUESTIONNAIRE

The Honorable Kenneth W. Franklin, Mayor
and Members of the Board of Alderman

At your request, we have also examined Parts III through VIII of the accompanying "System Survey and Compliance Questionnaire" of the Town of Marion, Louisiana, covering the period January 1, 1999 to December 31, 1999. Our examination was made in accordance with the procedures enumerated in the Systems Survey and Compliance Questionnaire - Recommended Procedures for Auditing.

In connection with our examination which included the procedures referred to in the proceeding paragraph, nothing came to my attention that caused me to believe that the responses to the attached questionnaire are not fairly stated.

GARRETT & GARRETT
CERTIFIED PUBLIC ACCOUNTANTS

Judy D. Garrett
Date May 16, 2000

ADDITIONAL AND SUPPLEMENTARY INFORMATION

TOWN OF MARION
MARION, LOUISIANA
CASH ACCOUNTS
DECEMBER 31, 1999

STATEMENT E-1

	<u>INTEREST RATE</u>	<u>GENERAL FUND</u>	<u>WATER AND SEWER</u>	<u>TOTAL FUNDS</u>
<u>CASH ACCOUNTS</u>				
Regular Checking	2.75%	\$ 31,997.32	\$ 24,923.57	\$ 56,920.89
Petty Cash	-	150.00	100.00	250.00
Total		<u>\$ 32,147.32</u>	<u>\$ 25,023.57</u>	<u>\$ 57,170.89</u>
<u>INVESTED FUNDS</u>				
Certificate of Deposit	5.10%	\$ 11,619.31	\$.00	\$ 11,619.31
Certificate of Deposit	5.60%	.00	9,011.11	9,011.11
Certificate of Deposit	5.50%	.00	90,116.93	90,116.93
Total		<u>\$ 11,619.31</u>	<u>\$ 99,128.04</u>	<u>\$ 110,747.35</u>
<u>RESTRICTED FUNDS</u>				
Water Meter Checking	2.75%	\$.00	\$ 2,234.84	\$ 2,234.84
C. D. - Water Meter	5.60%	.00	11,869.74	11,869.74
Total		<u>\$.00</u>	<u>\$ 14,104.58</u>	<u>\$ 14,104.58</u>
<u>GRAND TOTALS</u>		<u>\$ 43,766.63</u>	<u>\$ 138,256.19</u>	<u>\$ 182,022.82</u>

See accompanying notes and auditors' report.

STATEMENT E-2

TOWN OF MARION
 MARION, LOUISIANA
 SCHEDULE OF INSURANCE IN FORCE
 DECEMBER 31, 1999

INSURANCE COMPANY	POLICY	DATE	COVERAGE TYPE	AMOUNT	PREMIUM
Trinity Insurance	CFA144-89260436	09/15/99 - 09/15/00	Building Contents	48,000 12,100	\$ 333.00
EMC Insurance Companies	T214895	02/10/99 - 02/10/00	Bond - Office Staff Bond - Chief of Police	25,000 5,000	100.00
Louisiana Municipal Risk Management Agency	LMS-149	05/01/99 - 05/01/02	Auto Limit General Liability Limit Medical - Per Person Medical - Per Accident Fire Legal Liabilities Per Occurrence Law Enforcement Officers Deductible Limit Public Officials Errors and Omissions Liability Deductibles Limits	500,000 500,000 1,000 10,000 50,000 1,000 500,000 1,000 500,000	5,066.00 4,505.00
Audubon Indemnity Co.	APD-822094	12/19/99 - 12/19/00	1996 Ferrara Fire Truck Deductibles Comprehensive Collision	126,564 10,000 10,000	2,058.00
Louisiana Risk Management	-	-	Workmen's Comp. Each Accident Policy Limit Each Employee	100,000 500,000 100,000	5,979.53

See accompanying notes and auditors' report.

TOWN OF MARION
 MARION, LOUISIANA
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 1999

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUAL (DEFERRED) REVENUE AT 12/31/98	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENT EXPENDITURES	CASH/ACCRUAL (DEFERRED) REVENUE 12/31/99
PASSED THROUGH STATE DEPARTMENT OF COMMUNITY DEVELOPMENT:							
US DEPT. OF JUSTICE COPS GRANT		9899-UNN-0501	\$ 15,000.00	\$.00	\$ 15,000.00	\$ 15,000.00	\$.00
TOTALS			\$ 8,824.47	\$.00	\$ 8,824.47	\$ 8,824.47	\$.00
			\$ 23,824.47	\$.00	\$ 23,824.47	\$ 23,824.47	\$.00

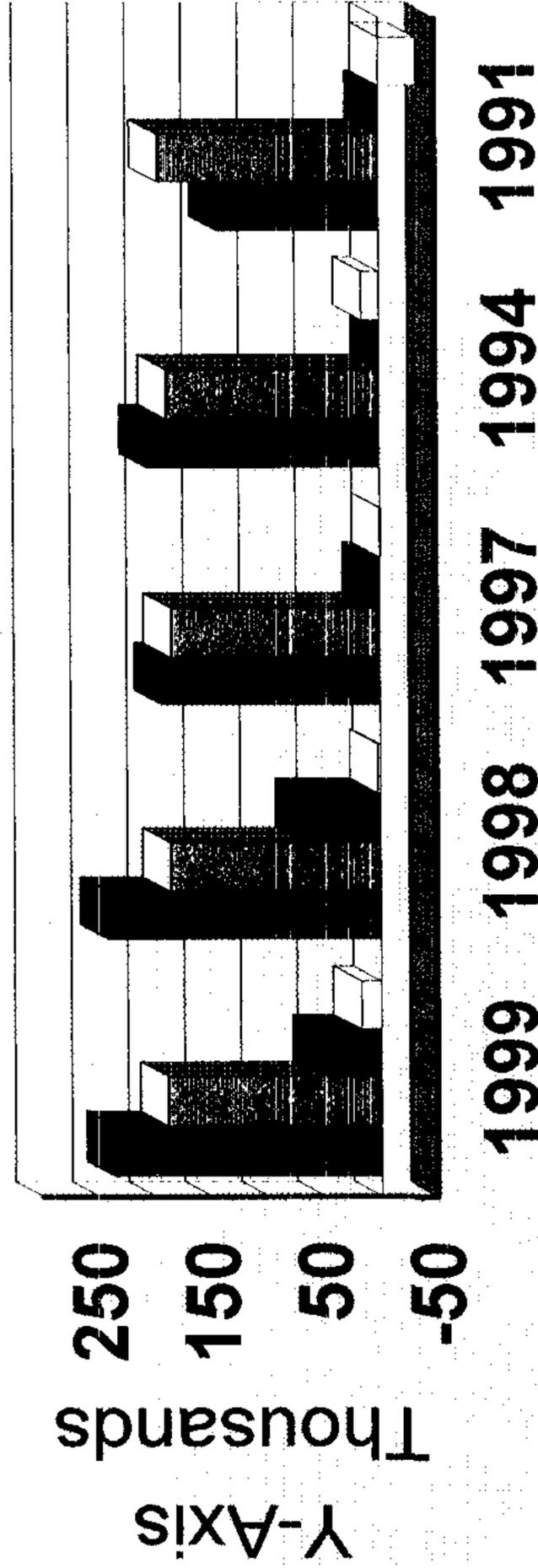
See accompanying notes and auditors' report.

GRAPHS

TOWN OF MARION

GENERAL FUND

DECEMBER 31, 1999

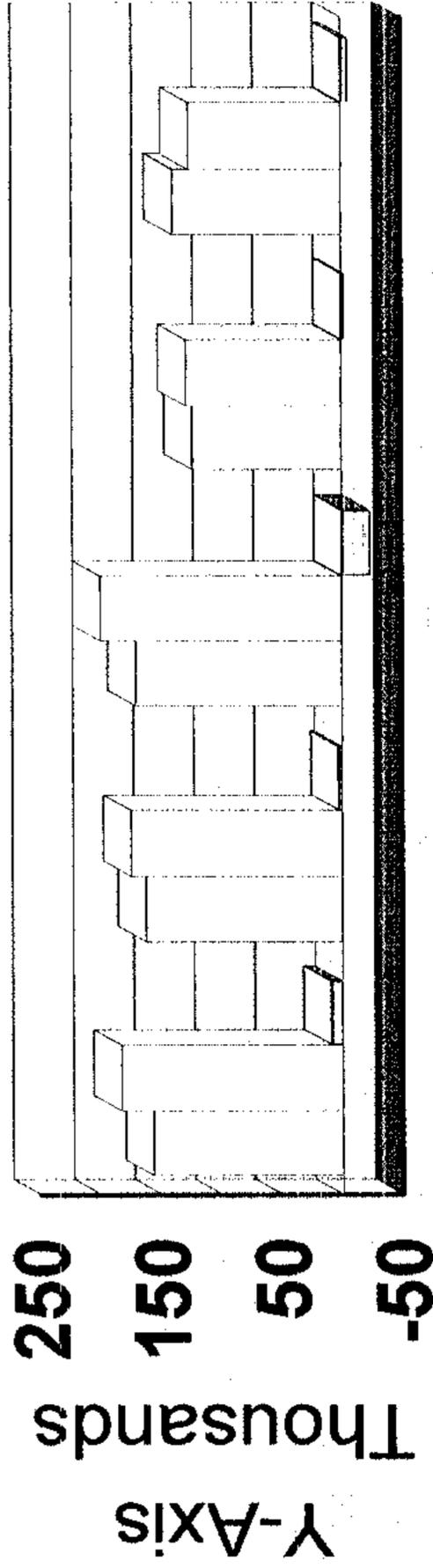


1999 1998 1997 1994 1991

	1999	1998	1997	1994	1991
■ REVENUES	\$237,027	\$242,417	\$193,880	\$205,976	\$143,859
▨ EXPENDITURES	\$190,099	\$187,106	\$186,016	\$189,977	\$196,718
■ DEBT & ASSET EXP	\$54,011	\$68,617	\$8,808	\$0	\$5,016
□ INCOME (LOSS)	\$18,137	\$3,075	(\$712)	\$15,999	(\$33,490)

See accompanying notes and auditors' report.

**TOWN OF MARION
WATER & SEWER FUND
DECEMBER 31, 1999**



1999 1998 1997 1994 1991

	1999	1998	1997	1994	1991
□ REVENUES	\$157,499	\$163,086	\$171,569	\$123,845	\$140,150
□ EXPENSES	\$183,491	\$175,456	\$200,265	\$129,417	\$126,528
□ INCOME (LOSS)	\$10,060	\$3,769	(\$23,339)	(\$2,319)	(\$5,430)

See accompanying notes and auditors' report.

AUDIT RECOMMENDATIONS AND REPLIES

GARRETT & GARRETT
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119 PROFESSIONAL DRIVE
WEST MONROE, LOUISIANA 71291

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May 16, 2000

The Honorable Kenneth Franklin, Mayor
and Members of the Board of Aldermen

We make the following recommendations to the Town of Marion:

PRIOR YEAR

1. WATER AND SEWER RECEIVABLES

RECOMMENDATION

1998

A: Some customers are not paying their utility bills and are still receiving services. The Town should be more consistent in their termination of service policies.

To encourage more customers to pay on time, the Town could institute a connection fee of \$15 to \$50 for customers who have their water disconnected.

1999

B: In 1999, the list of customers to cut off services was not printed and given to the water supervisor on a monthly basis. Since he did not receive a report, some customers received services that should have been cut off.

C: The billing system was upgraded in this year. The billing report is printed out when the bills are printed and the accounts receivable report is printed after the last day of the month. This procedure is fine except that some reports are not rerun if corrections are made. An aged accounts receivable report was not prepared.

The Honorable Kenneth Franklin, Mayor
and Members of the Board of Aldermen
Recommendations and Replies
May 16, 2000
Page 2

D: Adjustments to customer's bills are not documented and filed. A supervisor should approve account adjustments.

REPLY

A: The council was not willing to charge customers a fee for reconnecting their water. They felt that the late charge was enough to cover any additional cost involving the reconnection of a customer's water meter.

B: The cut off report is now printed and given to the water supervisor.

C&D: The water clerk was to visit the water department of the neighboring town to set up her system for account adjustments and bills correction similar to theirs. Their system includes a check off list to ensure that all reports filed are final.

2. PURCHASE ORDERS

RECOMMENDATION

1998

The Town should start using purchase orders for all their expenses. Some of the invoices do not have enough information on them to identify what fund and account they should be charged to. Purchase Orders would help solve this problem as well as duplicate payments and price controls. At the very least, special construction projects should have purchase orders so the clerk can keep separate folders for each project.

1999

The Town still does not use purchase orders. In lieu, we recommend the clerk start filing regular vendor invoices in individual folders. Miscellaneous invoices can still be filed by the month paid. The folders can be given to the Town's purchasing agent along with the new invoice for him to break down the cost into cost centers. This may help prevent duplicate payments if the prior paid invoices are checked before the invoice is paid.

The Honorable Kenneth Franklin, Mayor
and Members of the Board of Aldermen
Recommendations and Replies
May 16, 2000
Page 3

REPLY

The Town did not want to issue Purchase Orders because of the extra work involved for the purchasing agent (Water Supervisor). The council will look into the alternative.

3. VOLUNTEER FIRE DEPARTMENT

RECOMMENDATION

1998

The Volunteer Fire Department has separate cash accounts that are not included with the Towns records. The Fire Department needs to file for non-profit status with the Internal Revenue Service and the Secretary of State.

1999

The equipment in the Fire Department needs to be inventoried. Any equipment purchased with separate funds has not been included in the operations of the Town. The Town has paid for the major assets, such as the fire trucks. We do not think any equipment bought by the Fire Department separate account is material.

REPLY

The mayor is still checking on the cost of setting up a separate corporation for the Fire Department.

The Town will check to see if any equipment has not been included in the General Fixed Asset Group of Accounts.

The Honorable Kenneth Franklin, Mayor
and Members of the Board of Aldermen
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4. PAYROLL

RECOMMENDATION

According to Internal Revenue Service guidelines, all payments to employees for services performed is to be included in their W-2 wages and is subject to all employment taxes. Extra work performed by employees is handled in this manner. An example would be: the Town's water clerk is hired to clean up the office for \$50 a week. The \$50 would be added to the clerk's regular payroll check's taxable gross income. We did not find that the Town is violating this procedure consistently for any material amount of money. We wanted to just remind you of the law.

REPLY

The Town will follow this procedure.

5. UTILITY DEPOSITS

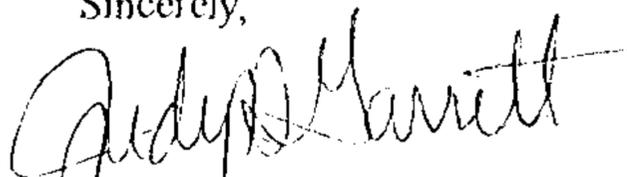
RECOMMENDATION

Some of the water customers do not have utility deposits on file. We suggest that the accounts be researched to see why they don't have deposits. According to the water department, the customers in question paid the deposits or there were some negotiations for water deposits at a reduced rate. The utility deposit files should be documented and corrected. The accounts are from the late eighties or early nineties.

REPLY

The Town's staff will check into what happens and decide what to do.

Sincerely,


Garrett & Garrett, CPAs

Approved by:


Kenneth Franklin, Mayor