

TOWN OF MARION
MARION, LOUISIANA

REPORT ON AUDIT OF
BASIC FINANCIAL STATEMENTS

YEAR ENDED
DECEMBER 31, 2017

TOWN OF MARION
MARION, LOUISIANA
ANNUAL FINANCIAL REPORT WITH SUPPLEMENTAL INFORMATION SCHEDULES
FOR THE YEAR DECEMBER 31, 2017

TABLE OF CONTENTS

<u>SCHEDULE 4</u>	Schedule of Compensation, Benefits and Other Payments To Agency Head or Chief Executive Officer	33
<u>SCHEDULE 5</u>	Schedule of Current Insurance in Force (Unaudited)	34
<u>SCHEDULE 6</u>	Cash Accounts and Investments	35
	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	36 - 37
<u>PRIOR YEAR AUDIT FINDINGS</u>		38 - 39
<u>SCHEDULE OF FINDINGS, RECOMMENDATIONS, AND QUESTIONED COSTS</u>		40 - 41

GARRETT & GARRETT
CERTIFIED PUBLIC ACCOUNTANTS
119 PROFESSIONAL DRIVE
WEST MONROE, LOUISIANA 71291

CAROLYN V. GARRETT
JUDY D. GARRETT

PHONE: 318 322-0845
FAX: 318 322-5577

June 22, 2018

INDEPENDENT AUDITORS REPORT

To the Honorable Mayor Kenneth W. Franklin
and Members of the Board of Alderman and Alderwomen
Town of Marion, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Marion, Louisiana, as of and for the year ended December 31, 2017, 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Unmodified Opinions

In our 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 of Marion, Louisiana, as of December 31, 2017, 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 A thru E and on pages 28 - 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information of consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Marion, Louisiana's financial statements. The accompanying information listed as other supplemental information in the Table of Contents are presented for purposes of additional analysis are not a required part of the basic financial statements.

This supplemental information 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 information (except for the Schedule 5) 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 our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The Schedule 5 (Schedule of Insurance) has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2018, on our consideration of the Town of Marion's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 of Marion's internal control over financial reporting and compliance.

Garrett & Garrett, CPA



West Monroe, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Marion, Louisiana
Management's Discussion and Analysis
December 31, 2017

The management of the Town of Marion, Louisiana offers readers of the Town of Marion, Louisiana's (Town) financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2017. 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 one individual governmental fund at this time, the General 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 considered to be a major fund.

The Town adopts an annual budget for its general fund. A statement of revenues, expenditures and changes in fund balance is presented on Statement A which compares actual revenues and expenditures to the original budget and amended budget figures. The original budget was adopted December 2016 and it was amended December 2017.

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 business-type activities 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 12 - 27.

Government-Wide Financial Analysis

Overall, the Town's financial position and results of its operation did not improve in fiscal 2017. The largest percentage of the total assets (78%) is the Town's investment in net capital assets. The Town has outstanding debt of \$1,444,486 which was used to finance some of the \$3,388,492 capital assets. (For more detailed information on the Town's debt and capital assets, see pages 21 - 25.) The total liabilities of \$1,496,783 are 52% of the total net position.

Town of Marion, Louisiana
Management's Discussion and Analysis
December 31, 2017

The following table reflects the condensed statement of net position at December 31, 2017.

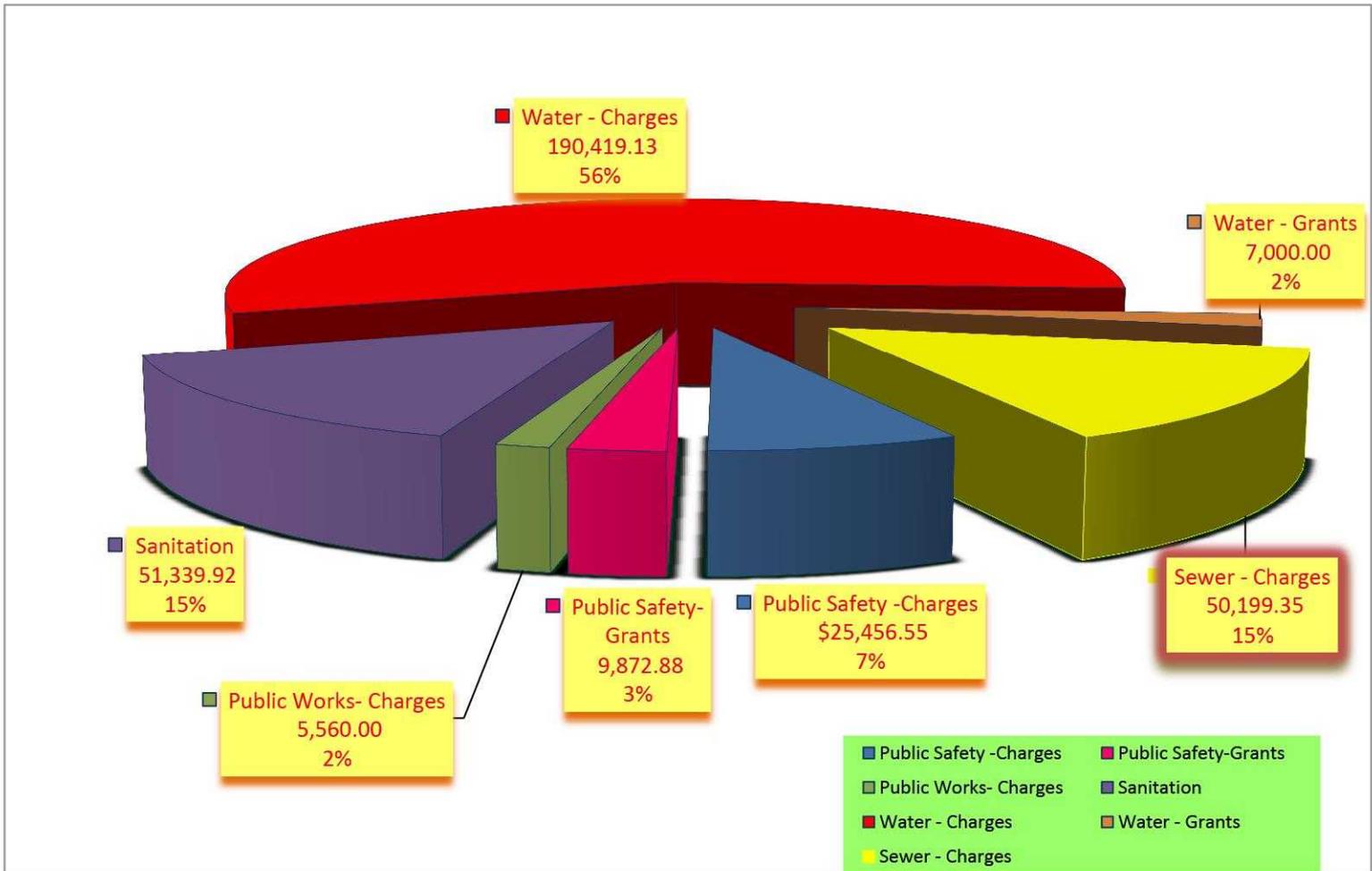
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	2017 TOTAL	2016 TOTAL
Assets				
Current Assets	\$ 396,835.04	\$ 225,438.59	\$ 622,273.63	\$ 611,296.04
Restricted Assets	10,526.80	342,427.14	352,953.94	332,533.50
Capital Assets Net of Accumulated Depreciation	<u>979,504.50</u>	<u>2,408,987.32</u>	<u>3,388,491.82</u>	<u>3,476,032.09</u>
Total Assets	<u>\$ 1,386,866.34</u>	<u>\$ 2,976,853.05</u>	<u>\$ 4,363,719.39</u>	<u>\$ 4,419,861.63</u>
Liabilities				
Current Liabilities	\$ 20,379.35	\$ 62,176.30	\$ 82,555.65	\$ 72,052.25
Non-current Liabilities	<u>99,297.47</u>	<u>1,314,930.37</u>	<u>1,414,227.84</u>	<u>1,444,485.55</u>
Total Liabilities	<u>\$ 119,676.82</u>	<u>\$ 1,377,106.67</u>	<u>\$ 1,496,783.49</u>	<u>\$ 1,516,537.80</u>
Net Position				
Investment in Capital Assets	\$ 871,616.62	\$ 1,069,908.91	\$ 1,941,525.53	\$ 1,999,863.01
Restricted for Debt Service	10,326.80	319,319.76	329,646.56	310,086.78
Unrestricted (Deficit)	<u>385,246.10</u>	<u>210,517.71</u>	<u>595,763.81</u>	<u>593,374.04</u>
Total Net Position	<u>\$ 1,267,189.52</u>	<u>\$ 1,599,746.38</u>	<u>\$ 2,866,935.90</u>	<u>\$ 2,903,323.83</u>

The Town's governmental activities increased the net position by \$67,738. The total business-type activities decreased the Town's net position by \$104,126. Below is a summary of the statement of activities:

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	2017 TOTAL	2016 TOTAL
Revenues				
Program Revenues	\$ 92,229.35	\$ 247,618.48	\$ 339,847.83	\$ 354,007.34
General Revenues	<u>339,415.52</u>	<u>97,982.51</u>	<u>437,398.03</u>	<u>345,431.76</u>
Total Revenues	<u>\$ 431,644.87</u>	<u>\$ 345,600.99</u>	<u>\$ 777,245.86</u>	<u>\$ 699,439.10</u>
Expenses				
General and Administrative	\$ 97,676.58	\$.00	\$ 97,676.58	\$ 96,566.22
Police Protection	150,121.10	.00	150,121.10	151,564.23
Fire Protection	27,764.98	.00	27,764.98	68,115.43
Public Works	71,188.45	.00	71,188.45	71,675.10
Sanitation	9,322.76	.00	9,322.76	11,252.55
Culture & Recreation	3,776.82	.00	3,776.82	3,330.98
Water & Sewer	.00	449,726.72	449,726.72	437,695.87
Interest on Long-Term Debt	<u>4,056.38</u>	<u>.00</u>	<u>4,056.38</u>	<u>3,812.87</u>
Total Expenses	<u>\$ 363,907.07</u>	<u>\$ 449,726.72</u>	<u>\$ 813,633.79</u>	<u>\$ 844,013.25</u>
Increases(Decreases) in Net Position	\$ 67,737.80	\$ (104,125.73)	(36,387.93)	\$ (144,574.15)
Net Position - January 1, 2017	<u>1,199,451.72</u>	<u>1,703,872.11</u>	<u>2,903,323.83</u>	<u>3,047,897.98</u>
Net Position - December 31, 2017	<u>\$ 1,267,189.52</u>	<u>\$ 1,599,746.38</u>	<u>\$ 2,866,935.90</u>	<u>\$ 2,903,323.83</u>

Town of Marion, Louisiana
 Management's Discussion and Analysis
 December 31, 2017

Program Revenues

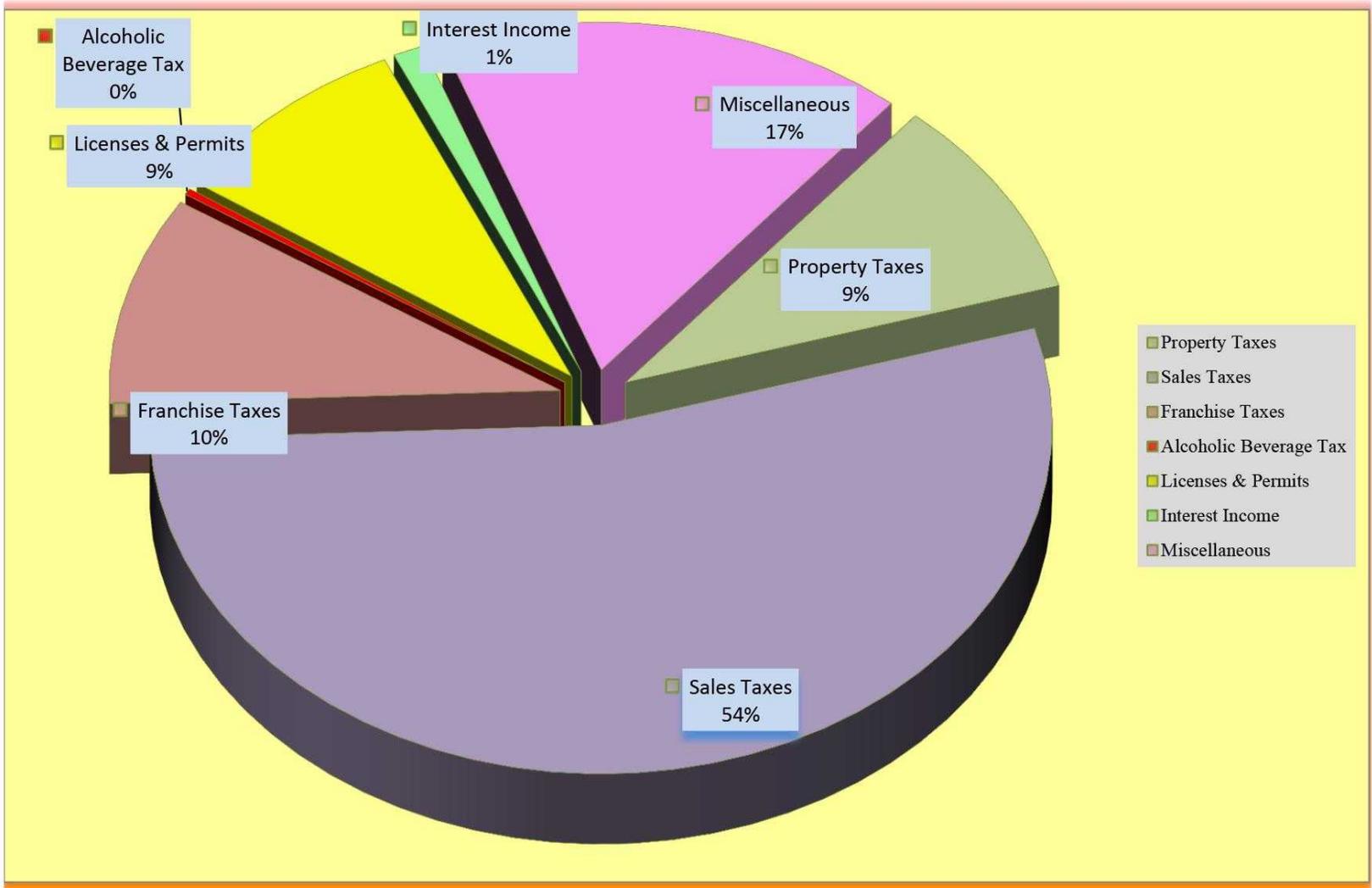


Program Revenues Are Broken Down By:

Public Safety -Charges	\$	25,456.55
Public Safety-Grants		9,872.88
Public Works- Charges		5,560.00
Sanitation		51,339.92
Water - Charges		190,419.13
Water - Grants		7,000.00
Sewer - Charges		50,199.35
	\$	339,847.83

Town of Marion, Louisiana
 Management's Discussion and Analysis
 December 31, 2017

General Revenues



General Revenues Consist of the Following:

Property Taxes	\$	41,106.02
Sales Taxes		235,635.16
Franchise Taxes		42,439.34
Alcoholic Beverage Tax		1,270.64
Licenses & Permits		38,531.58
Interest Income		4,797.20
Miscellaneous		73,618.09
Total General Revenues	\$	437,398.03

Town of Marion, Louisiana
Management's Discussion and Analysis
December 31, 2017

Financial Analysis of the Government's Funds

The Town of Marion's governmental funds reported an ending fund balance of \$395,573, which is an increase of \$6,892. The Town's proprietary fund shows an ending net position of \$1,599,746, which is a decrease of \$104,126.

General Fund Budgetary Highlights

The major differences between the original budget and the final budget of the General Fund are:

1. Revenues increased primarily because of Police ticket collections.
2. Expenditures increased due to emergency repairs to Allen Street Bridge.

Capital Assets and Debt Administration

The total investment in net capital assets as of December 31, 2017 is \$3,388,492. New major capital assets purchased in fiscal 2017 are:

1. The Town purchased a trailer for the Lawn Mowers costing \$2,100
2. CenturyLink donated land and a building to the Town with a fair market value of \$62,604.
3. Claiborne Electric donated computers to the Police Department with a value of \$3,139.
4. In the Street Department the Town had to make major repairs to the Allen Street Bridge costing \$30,334.
5. In the Water Department a chlorinator was replaced for \$3,960.

In 2017, the Town paid the USDA for loans in the general fund and the water fund totaling \$81,856, in interest of \$58,204 and in principle of \$23,652, which left an unpaid principle balance of \$1,423,315.

The Town borrowed money from Marion State Bank in the amount of \$28,495 to purchase a 2017 police vehicle. The total interest paid was \$491 and the principle was \$5,507 leaving an unpaid balance of \$21,171 for 2017.

Current Financial Factors

Sales tax collected through May 2017 is \$235,635, compared to collections of \$207,535 for the same period in 2016.

The gallons of water sold for the first five months of 2018 increased by 796,718 gallons from 2017.

Construction Projects

The Town is under an administrative order to improve water quality throughout the system. The Town received funding of \$897,700 from LCDBG in 2018. The Town also received \$12,500 from LGAP in addition to the LCDBG. According to the engineers this will cost somewhere between \$897,700 and \$1,000,000.

Requests for Information

This 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.

BASIC FINANCIAL STATEMENTS

TOWN OF MARION
MARION, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2017

EXHIBIT A

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS - TYPE ACTIVITIES	TOTALS
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 340,527.27	\$ 139,495.14	\$ 480,022.41
Investments	14,621.33	33,805.91	48,427.24
Receivables Net	30,616.06	43,624.26	74,240.32
Due to/from Other Funds	(3,122.35)	3,122.35	.00
Due from Other Governments	307.60	.00	307.60
Prepaid Items	13,885.13	5,390.93	19,276.06
Restricted Cash and Cash Equivalents	10,526.80	184,287.70	194,814.50
Restricted Investments	.00	158,139.44	158,139.44
Capital Assets:			
Land	\$ 45,597.00	\$ 33,007.00	\$ 78,604.00
Buildings	540,301.68	345,156.97	885,458.65
Improvements other than Buildings	136,777.84	.00	136,777.84
Infrastructure	584,458.85	3,674,172.01	4,258,630.86
Furniture and Equipment	688,575.42	414,233.62	1,102,809.04
Less Accumulated Depreciation	(1,016,206.29)	(2,057,582.28)	(3,073,788.57)
Capital Assets, Net of Depreciation	<u>\$ 979,504.50</u>	<u>\$ 2,408,987.32</u>	<u>\$ 3,388,491.82</u>
<u>TOTAL ASSETS</u>	<u>\$ 1,386,866.34</u>	<u>\$ 2,976,853.05</u>	<u>\$ 4,363,719.39</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 7,892.73	\$ 5,884.11	\$ 13,776.84
Accrued Liabilities	3,896.21	5,119.15	9,015.36
Current Portion of Long-Term Obligations	5,620.50	.00	5,620.50
Non-Current Portion of Long-Term Obligations	15,550.32	.00	15,550.32
Paid out of Restricted Assets:			
Accrued Interest Payable	1,293.63	1,186.28	2,479.91
Customer Deposits	.00	27,025.00	27,025.00
Current Portion of Long-Term Obligations	1,676.28	22,961.76	24,638.04
Non-Current Portion of Long-Term Obligations	83,747.15	1,314,930.37	1,398,677.52
<u>TOTAL LIABILITIES</u>	<u>\$ 119,676.82</u>	<u>\$ 1,377,106.67</u>	<u>\$ 1,496,783.49</u>
<u>NET POSITION</u>			
Invested in Capital Assets, Net of Related Debt	\$ 871,616.62	\$ 1,069,908.91	\$ 1,941,525.53
Restricted for Debt Service	10,326.80	319,319.76	329,646.56
Unrestricted (Deficit)	385,246.10	210,517.71	595,763.81
<u>TOTAL NET POSITION</u>	<u>\$ 1,267,189.52</u>	<u>\$ 1,599,746.38</u>	<u>\$ 2,866,935.90</u>

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

TOWN OF MARION
MARION, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

EXHIBIT B

<u>FUNCTIONS/PROGRAMS</u>	<u>PROGRAM REVENUES</u>			<u>NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS</u>			
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<u>Governmental Activities</u>							
General and Administrative	\$ 97,676.58	\$.00	\$.00	\$.00	\$ (97,676.58)	\$.00	\$ (97,676.58)
Police Protection	150,121.10	23,956.55	6,000.00	.00	(120,164.55)	.00	(120,164.55)
Fire Protection	27,764.98	1,500.00	3,872.88	.00	(22,392.10)	.00	(22,392.10)
Public Works	71,188.45	5,560.00	.00	.00	(65,628.45)	.00	(65,628.45)
Sanitation	9,322.76	49,620.00	1,719.92	.00	42,017.16	.00	42,017.16
Culture and Recreation	3,776.82	.00	.00	.00	(3,776.82)	.00	(3,776.82)
Interest on Long Term Debt	4,056.38	.00	.00	.00	(4,056.38)	.00	(4,056.38)
Total Governmental Activities	<u>\$ 363,907.07</u>	<u>\$ 80,636.55</u>	<u>\$ 11,592.80</u>	<u>\$.00</u>	<u>\$ (271,677.72)</u>	<u>\$.00</u>	<u>\$ (271,677.72)</u>
<u>Business Type Activities</u>							
Water	\$ 317,080.56	\$ 190,419.13	\$.00	\$ 7,000.00	\$.00	\$ (119,661.43)	\$ (119,661.43)
Sewer	132,646.16	50,199.35	.00	.00	.00	(82,446.81)	(82,446.81)
Total Business Type Activities	<u>\$ 449,726.72</u>	<u>\$ 240,618.48</u>	<u>\$.00</u>	<u>\$ 7,000.00</u>	<u>\$.00</u>	<u>\$ (202,108.24)</u>	<u>\$ (202,108.24)</u>
<u>TOTAL GOVERNMENT</u>	<u>\$ 813,633.79</u>	<u>\$ 321,255.03</u>	<u>\$ 11,592.80</u>	<u>\$ 7,000.00</u>	<u>\$ (271,677.72)</u>	<u>\$ (202,108.24)</u>	<u>\$ (473,785.96)</u>
<u>General Revenues:</u>							
<u>Taxes:</u>							
Property Taxes Levied for General Purposes				\$ 41,106.02	\$.00	\$ 41,106.02	
Franchise Taxes				42,439.34	.00	42,439.34	
Sales Taxes				141,559.16	94,076.00	235,635.16	
Alcoholic Beverage Tax				1,270.64	.00	1,270.64	
Licenses and Permits				38,531.58	.00	38,531.58	
Interest Income				1,856.27	2,940.93	4,797.20	
Miscellaneous				609.20	266.22	875.42	
Proceeds (Loss) from Sales of Disposable Assets				755.00	699.36	1,454.36	
Donation of Capital Assets				65,288.31	.00	65,288.31	
Tower Rent				6,000.00	.00	6,000.00	
Total General Revenues				<u>\$ 339,415.52</u>	<u>\$ 97,982.51</u>	<u>\$ 437,398.03</u>	
Change in Net Position				\$ 67,737.80	\$ (104,125.73)	\$ (36,387.93)	
Net Position - Beginning of the Year				<u>1,199,451.72</u>	<u>1,703,872.11</u>	<u>2,903,323.83</u>	
<u>Net Position - End of the Year</u>				<u>\$ 1,267,189.52</u>	<u>\$ 1,599,746.38</u>	<u>\$ 2,866,935.90</u>	

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

TOWN OF MARION
MARION, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

EXHIBIT C

	<u>MAJOR FUNDS</u> <u>GENERAL</u> <u>FUND</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 340,527.27
Investments	14,621.33
Receivables Net	
Ad Valorem Taxes	2,495.13
Sales and Use Taxes	28,120.93
Due from Other Governments	
Louisiana Beer Tax Distribution	307.60
Prepaid Items	13,885.13
Restricted Assets: Cash and Cash Equivalents	<u>10,526.80</u>
<u>TOTAL ASSETS</u>	<u>\$ 410,484.20</u>
<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES:</u>	
Accounts Payable	\$ 7,892.73
Due from Other Funds	
Enterprise Funds	3,122.35
Accrued Liabilities	<u>3,896.21</u>
Total Liabilities	<u>\$ 14,911.29</u>
<u>FUND BALANCE:</u>	
Non Spendable	\$ 10,762.78
Restricted for Debt Service	10,526.80
Assigned	200.00
Unassigned	<u>374,083.32</u>
Total Fund Balance	<u>\$ 395,572.90</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 407,361.84</u>

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

TOWN OF MARION
MARION, LOUISIANA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

EXHIBIT C-1

	<u>MAJOR FUNDS</u> <u>GENERAL</u> <u>FUND</u>
<u>FUND BALANCES - TOTAL GOVERNMENT FUNDS</u>	\$ 395,572.90
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital Assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>	
Governmental Capital Assets	1,995,710.79
Less: Accumulated Depreciation	(1,016,206.29)
<p>Long-term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported in the governmental funds.</p>	
<p>Capital Bond Obligations and Notes:</p>	
Notes Payable - Marion State Bank	(21,170.82)
Bonds Payable - Fire Station Project	(85,423.43)
Accrued Interest Payable	(1,293.63)
<u>NET POSITION OF GOVERNMENTAL ACTIVITIES</u>	<u>\$ 1,267,189.52</u>

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

TOWN OF MARION
MARION, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

EXHIBIT D

	<u>MAJOR FUNDS</u> <u>GENERAL</u> <u>FUND</u>
<u>REVENUES</u>	
Property Taxes	\$ 41,106.02
Franchise Taxes	42,439.34
Sales Taxes	141,559.16
Licenses and Permits	38,531.58
Intergovernmental	1,270.64
Sanitation Fees	49,620.00
Fines	23,956.55
Interest Income	1,856.27
Miscellaneous	609.20
Fire Department- Insurance Rebate	3,872.88
Police Supplemental Pay	6,000.00
Landfill Rebate	1,719.92
DOTD - Street Reimbursement	5,560.00
Donations	65,288.31
Fire Station Rentals	1,500.00
Tower Rent	6,000.00
Total Revenues	<u>\$ 430,889.87</u>
<u>EXPENDITURES</u>	
Current:	
General and Administrative	\$ 93,666.02
Police Protection	140,817.02
Fire Protection	13,909.12
Public Works	55,952.63
Sanitation Department	9,322.76
Culture and Recreation	1,710.58
Debt Service:	
Principal	7,116.83
Interest	4,080.77
Capital Outlays	98,177.60
Total Expenditures	<u>\$ 424,753.33</u>
<u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u>	<u>\$ 6,136.54</u>
<u>OTHER FINANCING SOURCES (USES)</u>	
Operating Transfers From (To) Capital Projects Fund	
Proceeds from Sale of Assets	\$ 755.00
Total Other Financing Sources (Uses)	<u>\$ 755.00</u>
<u>NET CHANGE IN FUND BALANCE</u>	\$ 6,891.54
<u>FUND BALANCE, Beginning of Year</u>	<u>375,142.97</u>
<u>FUND BALANCE, End of Year</u>	<u>\$ 382,034.51</u>

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

TOWN OF MARION
MARION, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

EXHIBIT D-1

	<u>MAJOR FUNDS</u>
	<u>GENERAL</u>
	<u>FUND</u>
<u>NET CHANGE IN FUND BALANCE- TOTAL</u>	
<u>GOVERNMENTAL FUNDS (EXHIBIT D)</u>	\$ 6,891.54
<p>Amounts reported for governmental activities (Exhibit B) in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are depreciated over their estimated useful lives.</p>	
Expenditures for Capital Assets	98,177.60
Less: Current Year Depreciation	(44,472.56)
<p>Principal Payments</p> <p>The repayment of principal on long-term debt consumes current financial resources of governmental funds which has no effect on net assets.</p>	
	7,116.83
<p>Interest on long-term debt is recognized over the life of the loan on the statement of activities report. However, on governmental funds interest is recognized when paid.</p>	
	24.39
<u>CHANGE IN NET POSITION OF GOVERNMENTAL</u>	
<u>ACTIVITIES (EXHIBIT B)</u>	\$ 67,737.80

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

TOWN OF MARION
MARION, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017

EXHIBIT E

<u>ASSETS</u>	<u>MAJOR FUNDS</u>		
	<u>BUSINESS - TYPE ACTIVITIES</u>		
	<u>ENTERPRISE FUNDS</u>		
	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>
<u>CURRENT ASSETS</u>			
Cash and Cash Equivalents	\$ 91,288.98	\$ 48,206.16	\$ 139,495.14
Accounts Receivable, Net	34,250.26	9,374.00	43,624.26
Investments	33,805.91	.00	33,805.91
Prepaid Items	4,054.24	1,336.69	5,390.93
Total Current Assets	<u>\$ 163,399.39</u>	<u>\$ 58,916.85</u>	<u>\$ 222,316.24</u>
<u>NON-CURRENT ASSETS</u>			
Restricted Assets:			
Water Fund - Meter Deposits	\$ 23,107.38	\$.00	\$ 23,107.38
Water Sinking & Reserve Accounts	161,180.32	.00	161,180.32
Restricted Investments Water Meter	17,013.80	.00	17,013.80
Restricted Investments Water Projects	141,125.64	.00	141,125.64
Total Restricted Assets	<u>\$ 342,427.14</u>	<u>\$.00</u>	<u>\$ 342,427.14</u>
<u>CAPITAL ASSETS</u>			
Land	\$ 18,400.00	\$ 14,607.00	\$ 33,007.00
Buildings	252,191.07	92,965.90	345,156.97
Infrastructure	2,490,315.69	1,183,856.32	3,674,172.01
Furniture and Equipment	364,340.62	49,893.00	414,233.62
Less: Accumulated Depreciation	(1,629,787.87)	(427,794.41)	(2,057,582.28)
Total Capital Assets	<u>\$ 1,495,459.51</u>	<u>\$ 913,527.81</u>	<u>\$ 2,408,987.32</u>
Total Non-Current Assets	<u>\$ 1,837,886.65</u>	<u>\$ 913,527.81</u>	<u>\$ 2,751,414.46</u>
<u>TOTAL ASSETS</u>	<u>\$ 2,001,286.04</u>	<u>\$ 972,444.66</u>	<u>\$ 2,973,730.70</u>
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES (Payable from Current Assets)</u>			
Accounts Payable	\$ 4,198.03	\$ 1,686.08	\$ 5,884.11
Accrued Liabilities	5,119.15	.00	5,119.15
Due To/From Other Funds	4,447.96	(7,570.31)	(3,122.35)
Total Current Liabilities (Payable from Current Assets)	<u>\$ 13,765.14</u>	<u>\$ (5,884.23)</u>	<u>\$ 7,880.91</u>
<u>CURRENT LIABILITIES (Payable from Restricted Assets)</u>			
Customers' Deposits	\$ 27,025.00	\$.00	\$ 27,025.00
Accrued Interest	1,186.28	.00	1,186.28
Current Portion of USDA Bond Financing Well and Line	12,346.22	.00	12,346.22
Current Portion of USDA Bond Financing Water Tank	10,615.54	.00	10,615.54
Total Current Liabilities (Payable from Restricted Assets)	<u>\$ 51,173.04</u>	<u>\$.00</u>	<u>\$ 51,173.04</u>
Total Current Liabilities	<u>\$ 64,938.18</u>	<u>\$ (5,884.23)</u>	<u>\$ 59,053.95</u>
<u>NON-CURRENT LIABILITIES</u>			
USDA Bond Financing Well and Line	\$ 798,467.07	\$.00	\$ 798,467.07
USDA Bond Financing Water Tank	516,463.30	.00	516,463.30
Total Long-Term Liabilities	<u>\$ 1,314,930.37</u>	<u>\$.00</u>	<u>\$ 1,314,930.37</u>
<u>TOTAL LIABILITIES</u>	<u>\$ 1,379,868.55</u>	<u>\$ (5,884.23)</u>	<u>\$ 1,373,984.32</u>

TOWN OF MARION
MARION, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017

EXHIBIT E
CONTINUED

	MAJOR FUNDS		
	BUSINESS - TYPE ACTIVITIES		
	ENTERPRISE FUNDS		
	WATER	SEWER	TOTALS
<u>NET POSITION</u>			
Invested in Capital Assets Net of Related Debt	\$ 156,381.10	\$ 913,527.81	\$ 1,069,908.91
Restricted for Capital Projects	319,319.76	.00	319,319.76
Unrestricted	145,716.63	64,801.08	210,517.71
<u>TOTAL NET POSITION</u>	<u>\$ 621,417.49</u>	<u>\$ 978,328.89</u>	<u>\$ 1,599,746.38</u>

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

TOWN OF MARION
MARION, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

EXHIBIT F

	<u>MAJOR FUNDS</u>		
	<u>BUSINESS - TYPE ACTIVITIES</u>		
	<u>ENTERPRISE FUNDS</u>		
	<u>WATER</u>	<u>SEWER</u>	<u>TOTALS</u>
<u>OPERATING REVENUES:</u>			
Charges for Services	\$ 190,419.13	\$ 50,199.35	\$ 240,618.48
Sales Tax	47,038.00	47,038.00	94,076.00
Miscellaneous	266.22	.00	266.22
Total Operating Revenues	<u>\$ 237,723.35</u>	<u>\$ 97,237.35</u>	<u>\$ 334,960.70</u>
<u>OPERATING EXPENSES:</u>			
Salaries and Employee Benefits	\$ 126,577.01	\$ 15,895.77	\$ 142,472.78
Office Supplies	6,879.07	1,032.72	7,911.79
Professional Fees	3,562.50	3,562.50	7,125.00
Repairs and Maintenance	32,874.45	12,674.98	45,549.43
Vehicle Expense	4,610.02	3,422.05	8,032.07
Utilities and Telephone	11,830.95	10,355.28	22,186.23
Depreciation and Amortization	109,433.21	35,471.46	144,904.67
EPA Testing	.00	1,155.00	1,155.00
Insurance	9,796.93	5,844.70	15,641.63
Miscellaneous	153.69	.00	153.69
Administration Charge - Sewer	(43,231.70)	43,231.70	.00
Total Operating Expenses	<u>\$ 262,486.13</u>	<u>\$ 132,646.16</u>	<u>\$ 395,132.29</u>
Net Operating Income (Loss)	<u>\$ (24,762.78)</u>	<u>\$ (35,408.81)</u>	<u>\$ (60,171.59)</u>
<u>NON-OPERATING REVENUES (EXPENSES):</u>			
Operating Interest	\$ 2,665.05	\$ 275.88	\$ 2,940.93
Interest Expenses	(54,594.43)	.00	(54,594.43)
Grant Income LGAP	7,000.00	.00	7,000.00
Proceeds from Sale of Assets Net of Disposals	699.36	.00	699.36
Total Non-Operating Revenues (Expenses)	<u>\$ (44,230.02)</u>	<u>\$ 275.88</u>	<u>\$ (43,954.14)</u>
<u>CHANGE IN NET POSITION</u>	<u>\$ (68,992.80)</u>	<u>\$ (35,132.93)</u>	<u>\$ (104,125.73)</u>
<u>NET-POSITION - Beginning of the Year</u>	<u>690,410.29</u>	<u>1,013,461.82</u>	<u>1,703,872.11</u>
<u>NET POSITION - End of the Year</u>	<u>\$ 621,417.49</u>	<u>\$ 978,328.89</u>	<u>\$ 1,599,746.38</u>

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

TOWN OF MARION
MARION, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

EXHIBIT G

	<u>MAJOR FUNDS</u>		
	<u>BUSINESS - TYPE ACTIVITIES</u>		
	<u>ENTERPRISE FUNDS</u>		
	<u>WATER</u>	<u>SEWER</u>	<u>TOTALS</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Receipts from Customers	\$ 189,995.87	\$ 50,199.35	\$ 240,195.22
Payments to Suppliers	(67,478.44)	(35,873.59)	(103,352.03)
Payments to Employees	(126,379.48)	(15,895.77)	(142,275.25)
Other Receipts (Payments)	45,911.22	45,645.00	91,556.22
Internal Activity Payments to Other Funds	43,231.70	(43,231.70)	.00
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>\$ 85,280.87</u>	<u>\$ 843.29</u>	<u>\$ 86,124.16</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Interfund Payable - General Fund	\$ (1,021.09)	\$ (338.08)	\$ (1,359.17)
Interfund Payable - Enterprise Fund	286.29	(286.29)	.00
<u>NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	<u>\$ (734.80)</u>	<u>\$ (624.37)</u>	<u>\$ (1,359.17)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Proceeds from Grants	\$ 7,000.00	\$.00	\$ 7,000.00
Proceeds from Sale of Assets	1,000.00	.00	1,000.00
Purchase of Capital Assets	(3,960.00)	.00	(3,960.00)
Payments for Long-Term Financing	(22,041.78)	.00	(22,041.78)
Payments for Interest on Long-Term Financing	(54,614.22)	.00	(54,614.22)
<u>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</u>	<u>\$ (72,616.00)</u>	<u>\$.00</u>	<u>\$ (72,616.00)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest Earned on Operating Fund	\$ 762.56	\$ 275.88	\$ 1,038.44
<u>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</u>	<u>\$ 762.56</u>	<u>\$ 275.88</u>	<u>\$ 1,038.44</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>\$ 12,692.63</u>	<u>\$ 494.80</u>	<u>\$ 13,187.43</u>
<u>CASH AND CASH EQUIVALENTS - AT DECEMBER 31, 2016</u>	<u>262,884.05</u>	<u>47,711.36</u>	<u>310,595.41</u>
<u>CASH AND CASH EQUIVALENTS - AT DECEMBER 31, 2017</u>	<u>\$ 275,576.68</u>	<u>\$ 48,206.16</u>	<u>\$ 323,782.84</u>
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:</u>			
Cash	\$ 91,288.98	\$ 48,206.16	\$ 139,495.14
Meter Deposits	23,107.38	.00	23,107.38
Water Sinking and Reserve Accounts	161,180.32	.00	161,180.32
<u>NET CASH AND CASH EQUIVALENTS</u>	<u>\$ 275,576.68</u>	<u>\$ 48,206.16</u>	<u>\$ 323,782.84</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>			
Operating Income (Loss)	\$ (24,762.78)	\$ (35,408.81)	\$ (60,171.59)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	109,433.21	35,471.46	144,904.67
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable (Net)	(1,816.26)	(1,393.00)	(3,209.26)
(Increase) Decrease in Prepaid Items	(575.30)	1,666.17	1,090.87
Increase (Decrease) in Accounts Payable	1,947.92	507.47	2,455.39

TOWN OF MARION
MARION, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

EXHIBIT G
CONTINUED

	MAJOR FUNDS		
	BUSINESS - TYPE ACTIVITIES		
	ENTERPRISE FUNDS		
	WATER	SEWER	TOTALS
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>			
<u>TO NET CASH PROVIDED (USED) BY OPERATING</u>			
<u>ACTIVITIES:</u>			
Increase (Decrease) in Accrued Liabilities	\$ 364.08	\$.00	\$ 364.08
Increase (Decrease) in Customers' Deposits	690.00	.00	690.00
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>\$ 85,280.87</u>	<u>\$ 843.29</u>	<u>\$ 86,124.16</u>

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

TOWN OF MARION
MARION, LOUISIANA
LIST OF NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

<u>NOTE NO.</u>	<u>Description</u>	<u>Page No.</u>
1.	Summary of Significant Accounting Policies	12 - 17
2.	Cash and Investments	17 - 18
3.	Property Taxes	18
4.	Sales Taxes	18
5.	2% Insurance Rebate	18
6.	Receivables	19
7.	Water & Sewer Statistics	19 - 20
8.	Restricted Assets	20 - 21
9.	Capital Assets	21 - 22
10.	Pension Plans	22
11.	Accounts and Other Payables	22 - 23
12.	Notes and Capital Leases	23 - 25
13.	Deficit Fund Equity	25
14.	Interfund Balances and Transfers	25
15.	On-Behalf Payments	25
16.	Fund Changes and Fund Balances	26
17.	Proprietary Fund Segment Information	26
18.	Statement of Cash Flows for Proprietary Funds	26 - 27
19.	Contingencies	27
20.	Related Party Transactions	27
21.	Risk Management	27
22.	Grants and Other Financing	27
23.	Subsequent Events	27
24.	Other	27

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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

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.

Financial Reporting Entity - Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Town includes all funds which are controlled by or dependent on the Town which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters, designation of management or governing authority and authority to issue debt. Certain units of local government over which the Town exercises no oversight responsibility, such as the parish police jury, parish school board, other independently elected officials, and other municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Town. The Town has no component units.

Government-Wide Accounting - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. In accordance with Government Accounting Standards Board Statement No. 34, the Town has presented a Statement of Net Position and Statement of Activities for the Town as a whole. These statements include the primary government, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-Wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Government-Wide statements distinguish between governmental-type and business-type activities. The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

Eliminating Internal Activity - Interfund receivables and payables are eliminated in the Statement of Net Position except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocations of overhead expenses from one function to another or within the same function are eliminated in the Statement of Activities. Allocated expenses are reported by the function to which they are allocated.

Application of FASB Statements and Interpretations - Reporting on governmental-type and business-type activities are based on FASB Statements and the Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Capitalized Assets - Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Amounts less than \$500 are not capitalized unless they are considered major by the mayor and council. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the Statement of Net Position. Depreciation of contributed assets of proprietary funds is charged against contributed capital as opposed to unrestricted net assets.

Under the requirements of GASB Statement No. 34, the Town is considered a Phase 3 government as its total annual revenues are less than \$10 million. Such governments are not required to report major general infrastructure assets retroactively. The Town has opted not to retroactively report these types of capital assets.

Program Revenues - The Statement of Activities presents three categories of program revenues - (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the Town. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are restricted for specific use.

Indirect Expenses - Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the Town has chosen not to do so.

Operating Revenues - Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the Town's operation of providing water and sewer services are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

Fund Accounting - The Town uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate entity with a self-balancing set of accounts. Funds of the Town are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds - Governmental funds account for all or most of the Town's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

1. General Fund - is the general operating fund of the Town and accounts for all financial resources, except those required to be accounted for in other funds.
2. Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.
3. Debt Service Funds - these funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The Town of Marion does not maintain a Debt Service Fund.
4. Capital Projects Funds - these funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

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 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 funds's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Proprietary funds include:

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Enterprise Funds - Account for operations (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 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. The Town's enterprise fund includes services for water and sewer.

Basis of Accounting/Measurement Focus - The accounting and financial reporting treatment applied to a fund is determined by the type of financial statement presentation.

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, outflow, inflows and liabilities associated with the operation of governmental-type and business-type activities are included in the Statement of Net Position. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers revenues to be available if they are collected within 60 days of the end of current fiscal period. Expenses are recognized at the time the liabilities are incurred in the Statement of Activities. In these statements, capital assets are reported and depreciated in each fund.

This same measurement focus and basis of accounting is used by proprietary funds in the fund statements. However, all governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, outflows and inflows are generally included on the balance sheet. Operating statements present increases and decreases in net current assets. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

Budgets and Budgetary Accounting - The Town adopts an annual budget for the General Fund and Enterprise Fund at their regular public board 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. Budgeted 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.

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 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.

Investments - Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings. All investments of the Town are certificates of deposits held at Marion State Bank and the fair value is determined by the face value of the certificate.

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.

Inventories - Are not considered material and are therefore not recorded. The Town purchases supplies as needed and do not maintain inventory quantities on hand.

Short-Term Interfund Receivables/Payables - During the course of operation, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the fund financial statements' balance sheet. 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 their "grossing up" effect on assets and liabilities within the governmental activities column.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Restricted Assets- Certain proceeds of the governmental funds and the enterprise funds are classified as restricted assets on the balance sheet because their use is limited. Components of these assets are listed in note number 8.

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.

Capital Assets - The Town's assets are recorded at historical cost. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Equipment and Furniture	3 - 10 Years	Buildings	39 - 40 Years
Utility Plant/Sewer Collection System	5 - 40 Years	Infrastructure	40 - 60 Years
Vehicles	5 - 10 Years		

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34 which requires the inclusion of infrastructure assets used in governmental activities in the general purpose financial statements retroactively reported back to 1982. An exception exists for local governments with annual revenues of less than \$10 million. As a result of this exception, the Town has elected to not report its governmental infrastructure retroactively. The infrastructure currently being depreciated over a period of 40 years is the water and sewer system that is reported in the business-type activities of the Town. From this point forward, the Town will use the basic approach to infrastructure reporting for its governmental activities.

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 five 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 of 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.

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

At December 31, 2017, 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 \$28,494.60 from Marion State Bank to purchase a 2017 police vehicle. The loan is due in 60 monthly payments of \$499.80 each at an interest rate of 2%.

Fund Equity - GASB Statement Number 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in government funds. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted Fund Balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributions, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Committed Fund Balance - These amounts can only be used for specific purposes determined by formal resolutions or ordinances of the Town council - the government's highest level of decision making authority. These committed amounts cannot be used for any other purpose unless the city aldermen remove the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for us in satisfying those contractual requirements.

Assigned Fund Balance - This classification reflects the amounts whose intent is to be used for specific purposes, but are neither restricted nor committed. The Town council and management have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts(except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted not committed.

Unassigned Fund Balance - This fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. When both restricted and unrestricted resources are available for use, it is the Town's policy to use externally restricted resources first, then unrestricted resources - committed, assigned and unassigned- in order as needed.

Accounting Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from these estimates.

Major - Non-Major Funds - The Town of Marion considers all funds to be major funds, therefore, the Town did not have any Non-Major Funds as of December 31, 2017. The Town's Major Funds are: General Fund and Business Type Funds - Water and Sewer.

GASB - 63 - The GASB's (Government Accounting Standards Board) document number 63 was adopted for the year ended December 2012, which is basically a change in terminology.

GASB - 64 - This statements provides guidance on derivative instruments and application of hedge accounting termination provisions. This statements amends GASB statement number 53. This statement is effective for financial statements for periods beginning after June 15, 2011. The Town does not have any derivative instruments and hedge funds.

GASB - 65 - This provision concerns items previously reported as assets and liabilities. Liabilities such as deferred revenue are reported as deferred inflows of resources. Certain cost of construction projects that were traditionally added to the costs are now to be expensed out in the period occurred. These cost refer to the cost such as attorney fees, administrative cost, interest and fees to secure financing of the project. For prior year projects these costs are to be taken out of the cost of the assets and reclassified as a prior period adjustments. The Town reclassified the cost (net of depreciation) from the projects back to the year 2006. Projects before this date are considered to immaterial. The effective date of this provision is for periods beginning after December 15, 2012.

GASB - 66 - The statement is an amendment of GASB statements numbers 10 and 62. GASB 66 removes GASB 10 (Accounting and Financial Reporting for Risk Financing and Related Insurance Issues) by removing the provision that limits fund-based reporting of risk financing activities to the general fund and the internal service fund type. As a result, governments would base their decisions on GASB 54. GASB 66 resolves conflicts between GASB 62 and other pronouncements. These changes clarify how to apply statement number 13 (Accounting for Operating Leases with Scheduled Rent Increases) and result in guidance that is consistent with requirements in statement number 48 (Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues). This statement is effective for periods beginning after December 15, 2012. The Town has one operating lease for a copy machine that is a yearly lease.

GASB - 67, 68, and 71 - These statements concern pension plans guidelines. GASB 67 is effective for financial statements for fiscal years beginning after June 15, 2013. GASB 68 is effective for fiscal years beginning after June 15, 2014 and GASB 71 should be applied simultaneously with the GASB 68. The Town has not implemented these guidelines, because the Town does not offer a public pension.

GASB - 69 - This statement is guidance on government combinations and disposals of government operations. The effective date is for periods beginning after December 15, 2013. The Town did not have any transactions that would qualify for this statement.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

GASB - 70 - The statement addresses accounting and financial reporting for nonexchange financial guarantees. The provisions are effective for financial statements for reporting beginning after June 15, 2013 and do not apply to the Town's 2017 financial statements.

GASB - 72 - Fair Value Measurement and application. The effective date of this statement is for reporting periods beginning after June 15, 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement does not apply to the Town's 2017 financial statements

GASB - 73 - 88 - These statements either have an effective dates after the fiscal year of these financial statements or do not apply to this entity.

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 has failed to pay deposited funds upon demand. Accordingly, the Town had no custodial risk related to its deposits at December 31, 2017.

At December 31, 2017, the Town has cash and cash equivalents and investments (book balances net of overdrafts) in the amount of \$881,403.59.

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, 2017, the Town has bank cash and investments totaling \$838,369.18, as follows:

Cash in Checking or in Savings	\$ 436,988.00
Certificates of Deposits (Investments)	48,427.24
Restricted Assets (Cash)	194,814.50
Restricted Assets (Investments)	<u>158,139.44</u>
Total	<u>\$ 838,369.18</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 Marion State Bank has pledged security with a face value of \$773,627.40 and a market value of \$789,254.67. Cash, cash equivalents and investments (bank balances), at December 31, 2017, are secured as follows:

Bank Balances	\$ <u>838,369.18</u>
Federal Deposit Insurance	\$ 250,000.00
Pledge Securities (Market Value)	<u>789,254.67</u>
Total	<u>\$ 1,039,254.67</u>

Custodial Credit Risk - Investments - The custodial credit risk for investments is the risk that, in the event of the failure of the counter party, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town had no custodial credit risk related to its investments at December 31, 2017.

Interest Rate Risk - The Town manages its exposure to declines in fair market values by limiting investment portfolio to "money market investments", which are defined as credit worthy, highly liquid investments of one year or less. Although there may be certain circumstances in which longer-term securities are utilized, the general use of long-term securities are limited.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE # 2 - CASH AND INVESTMENTS CONTINUED

Credit Risk - The Town's investment policy limits investments to fully insured and/or fully-collateralized certificates of deposits.

Concentration of Credit Risk - The Town is limited to investments instruments of: 1) certificates of deposit; 2) certain direct obligations of the U. S. Government; 3) bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the United States of America; and 4) the Louisiana Asset Management Pool.

The state requires collateral pledged for deposits to be held in the government's name by the trust department. The trust department reviews collateral pledged on a quarterly basis. Most checking accounts pay interest on a monthly basis. Certificates of deposits pay interest at various times during the year. Most investment and cash accounts interest are paid at year end, so the amount of accrued interest is less than \$100 as of December 31, 2017, therefore no accrual was recorded.

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, 2017, taxes of 7.43 mills were levied on 563 properties with assessed valuations totaling \$5,677,934 and were dedicated as follows:

General Fund 7.43 Mills

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

<u>YEAR</u>	<u>TAXES LEVIED</u>	<u>ASSESSED VALUE</u>
2017	\$ 42,186.95	\$ 5,677,934
2016	43,343.53	5,833,598
2015	42,533.18	5,724,537
2014	46,172.86	6,214,398
2013	47,543.37	5,876,563

At the date of this report uncollected property taxes are in the amount of \$1,324.36. This amount is considered uncollectible.

The telephone/communication companies that operates a billing center in the Town, were billed a combined \$18,110.07 which is 43% of the total billed.

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 11%. The Lincoln Parish Sales and Use Tax 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 is \$2,518.17. Interest paid to the Town is \$7.99. The Town records the sales tax revenue at net of these fees.

The Town is dependent on the telephone communication 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, we could not determine exactly the percentage the telephone company generates for the Town's sale tax collections.

NOTE #5 - 2% INSURANCE REBATE

The Town receives an insurance rebate to cover the fire protection in the Town. The amount received during 2017 is \$3,872.88.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE # 6 - RECEIVABLES

A summary of receivables as of December 31, 2017 is as follows:

<u>General Fund</u>		
Property Taxes		\$ 2,495.13
Sales Taxes		28,120.93
Receivable - General Fund		\$ 30,616.06
Beer Taxes due from State of Louisiana		307.60
Total General Fund		<u>\$ 30,923.66</u>
<u>Enterprise Fund Water/Sewerage</u>		
Trade Accounts		\$ 28,269.80
NSF Checks		406.46
Allowance for Doubtful Accounts		(3,800.00)
Total Trade Accounts,		\$ 24,876.26
Sales Taxes		18,748.00
Total Enterprise Fund Water/Sewerage		<u>\$ 43,624.26</u>
Total All Funds		<u>\$ 74,547.92</u>

Aged Accounts Receivable Water Customers

<u>TOTAL</u>	<u>CURRENT</u>	<u>DAYS</u> 30 - 60	<u>DAYS</u> 60 - 90	<u>DAYS</u> OVER 90
\$ 28,269.80	\$ 25,872.15	\$ 1,008.63	\$ 576.50	\$ 812.52

GAIL DURBIN RECEIVABLE

In prior years the former Town Clerk stole property from the Town of Marion. She was ordered by the court to pay the Town back. She paid the Town \$100 in 2017. The balance owed to the Town at the end of the year is \$43,700. We do not consider this amount to be collectible at the present payment rate, therefore, the balance has not been included in the balance sheet of the General Fund.

	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2016</u>	<u>PAID</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2017</u>
Receivable	<u>\$ 43,700.00</u>	<u>\$ 100.00</u>	<u>\$ 43,600.00</u>

NOTE # 7 - WATER & SEWER STATISTICS

MONTHLY RATES FOR SERVICES

	<u>Residential Rates</u>	<u>Commercial Rates</u>
<u>Water Rates are:</u>		
0- 2,000 Gallons	\$30.00	
Over 2,000 Gallons	\$4/1,000 Gal.	
0-10,000 Gallons		\$40.00
Over 10,000 Gallons		\$4/1,000 Gal.
<u>Sewer Rates are:</u>		
0-2,000 Gallons of Water used	\$10.00	\$10.00
All Customers Over 2,000 Gallons	\$1/1,000 Gal.	\$1/1,000 Gal.
<u>Garbage Rates are:</u>		
Regular Customers	\$10.00	\$10.00
Century Data		\$350 Flat
Century Services		\$150 Flat
Centurytel of La.		\$ 50 Flat

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE # 7 - WATER & SEWER STATISTICS CONTINUED

MONTHLY RATES FOR SERVICES

	<u>Residential Rates</u>	<u>Commercial Rates</u>
Sprinkler Meters	No Charge	
Out of Town Meters	No Charge	
Water Meter Tap	\$250.00	\$250.00
Sewer Installation	\$250.00	\$300.00
<u>Water Meter Deposit</u>		
Homeowners	\$100.00	
Renters	\$150.00	

Late charges are charged at 5% of the total monthly bill. Reconnection charges are \$25 per incident. However some tapping fees are based on the cost of the work preformed and the charge therefore will vary from one installation to another. Utility deposits are \$100 per water meter for residential and \$150 for renters.

ESTIMATED USAGE

The gallons of water billed during 2017 are \$16,823,919 gallons for 357 customers. The population of Marion is 765. The gallons of water sold decreased in 2017 from 2016 by 1,073,978 gallons. The Town's 2017 average monthly gallons of water sold was 1,401,993 compared to 2016's average of 1,491,491.

	<u>2017</u>	<u>2016</u>
Water Sales Per Gallon	0.011307021	0.010381328
Sewer Sales Per Gallon	0.003097086	0.00286079
Average Trash Sales Per Month	\$ 4,135.00	\$ 4,137.50
Average Collections Per Month	24,181.51	24,456.97
Average Balance AR	27,900.83	29,058.12
Average Billing Per Month	24,082.52	24,348.93

METER PROBLEMS

The Town has experienced problems with the function of their radio frequency meters in prior years. In 2015, the Town replaced some of the meters' registers to help solve the problem with these meters' lack of readings. In prior years, the meters would not record usage of water. Some of the meters would never show a reading, while other meters would show a reading one month and have a blank reading the next month. While there are still some reading problems, the new registers have corrected a lot of the problems. According to the Town's employees the meter register problems are still an ongoing. The Town has around 25% of their meters recording no meter readings. In 2017, the employees said they have replaced around 50 meters that were defective.

NOTE # 8 - RESTRICTED ASSETS

WATER/SEWER

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

Water Revenue Bond Series 2011 - The Town is required in the agreement with the USDA Water Revenue Bonds, Series 2011 to fund monthly several cash accounts. Starting on July 20, 2011 and ending June 2051, the Town is required to fund a sinking fund in the monthly amounts of \$6,388. A sum of \$320 per month must be deposited into the Reserve Fund until \$76,656 has been accumulated therein. A sum of \$788 must be deposited monthly into the Short Lived Asset Fund until \$248,000 is on deposit in said Fund. A sum of \$320 per month must be deposited into the contingency fund which sum shall increase to \$767 per month once \$76,656 has been accumulated in the Reserve Fund. All required deposits were made in 2017.

GENERAL FUND/FIRE DEPARTMENT BUILDING

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

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE # 8 - RESTRICTED ASSETS CONTINUED

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 \$7,855.

Sinking Fund - The Town created a sinking fund to reserve each year's bond payments. The amount of the monthly deposit is \$433.34 with the last payment due on July 20, 2045. As of the year end, the sinking fund has a \$2,672 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.

ENTERPRISE FUND

Customers' Deposits on Meters Checking	\$ 23,107.38
Customers' Deposits on Meters CD	17,013.80
Water Operation & Maintenance CD	23,629.06
CF Elevated Tank Debt Service Reserve CD	3,776.29
Water Contingency Fund Savings	24,252.13
Water Debt Service Reserve Savings	24,252.13
Water Sinking Fund Savings	61,313.08
Water Depreciation Short Lived Assets Savings	51,362.98
Water Depreciation Short Lived Assets CD	113,720.29
Total Cash and Investments	<u>\$ 342,427.14</u>

GENERAL FUND

Fire Bond Sinking Fund Savings	\$ 2,671.69
Fire Bond Reserve Fund Savings	2,016.57
Fire Bond Depreciation Fund Savings	2,919.27
Fire Bond Contingency Fund Savings	2,919.27
Total Cash and Investments	<u>\$ 10,526.80</u>

NOTE # 9 - CAPITAL ASSETS

Capital Asset activity for the year ended December 31, 2017 is as follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BEGINNING</u> <u>BALANCE</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>ENDING</u> <u>BALANCE</u>
Non-Depreciable Assets:				
Land	\$ 27,597.00	\$ 18,000.00	\$.00	\$ 45,597.00
Depreciable Assets:				
Buildings	495,697.68	44,604.00	.00	540,301.68
Improvements Other Than Buildings	136,777.84	.00	.00	136,777.84
Furniture and Equipment	695,111.12	5,239.30	(11,775.00)	688,575.42
Infrastructure	554,124.55	30,334.30	.00	584,458.85
Totals at Historical Cost	<u>\$ 1,909,308.19</u>	<u>\$ 98,177.60</u>	<u>\$ (11,775.00)</u>	<u>\$ 1,995,710.79</u>
Less: Accumulated Depreciation for:				
Buildings	\$ (173,142.26)	\$ (12,708.32)	\$.00	\$ (185,850.58)
Improvements	(111,972.81)	(1,710.69)	.00	(113,683.50)
Furniture and Equipment	(629,929.77)	(15,789.73)	11,775.00	(633,944.50)
Infrastructure	(68,463.89)	(14,263.82)	.00	(82,727.71)
Total Accumulated Depreciation	<u>\$ (983,508.73)</u>	<u>\$ (44,472.56)</u>	<u>\$ 11,775.00</u>	<u>\$ (1,016,206.29)</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
<u>CAPITAL ASSETS NET</u>	<u>\$ 925,799.46</u>	<u>\$ 53,705.04</u>	<u>\$.00</u>	<u>\$ 979,504.50</u>

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE # 9 - CAPITAL ASSETS CONTINUED

<u>BUSINESS-TYPE ACTIVITIES</u>	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>ENDING BALANCE</u>
<u>Non-Depreciable Assets:</u>				
Land	\$ 33,007.00	\$.00	\$.00	\$ 33,007.00
Construction in Process	.00	.00	.00	.00
Total	<u>\$ 33,007.00</u>	<u>\$.00</u>	<u>\$.00</u>	<u>\$ 33,007.00</u>
<u>Depreciable Assets:</u>				
Buildings	345,156.97	.00	.00	345,156.97
Water System	2,490,315.69	.00	.00	2,490,315.69
Sewer System	1,183,856.32	.00	.00	1,183,856.32
Furniture and Equipment	<u>432,099.02</u>	<u>3,960.00</u>	<u>(21,825.40)</u>	<u>414,233.62</u>
Totals at Historical Cost	<u>\$ 4,484,435.00</u>	<u>\$ 3,960.00</u>	<u>\$ (21,825.40)</u>	<u>\$ 4,466,569.60</u>
 <u>BUSINESS-TYPE ACTIVITIES</u>				
Less: Accumulated Depreciation for:				
Buildings	\$ (64,349.51)	\$ (14,354.20)	\$.00	\$ (78,703.71)
Water System	(1,266,458.04)	(62,903.34)	.00	(1,329,361.38)
Sewer System	(349,344.27)	(29,802.23)	.00	(379,146.50)
Furniture and Equipment	<u>(254,050.55)</u>	<u>(37,844.90)</u>	<u>21,524.76</u>	<u>(270,370.69)</u>
Total Accumulated Depreciation	<u>\$ (1,934,202.37)</u>	<u>\$ (144,904.67)</u>	<u>\$ 21,524.76</u>	<u>\$ (2,057,582.28)</u>
<u>BUSINESS-TYPE ACTIVITIES</u>				
<u>CAPITAL ASSETS NET</u>	<u>\$ 2,550,232.63</u>	<u>\$ (140,944.67)</u>	<u>\$ (300.64)</u>	<u>\$ 2,408,987.32</u>

CenturyLink donated a building and land to the Town in 2017. The building houses the TRIAD program, while the part of the land includes a walking trail. The building is used rent free by the TRIAD program.

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 employees can choose to make salary reduction contributions rather than receiving these amounts as a part of their regular pay. Salary reduction contributions have to be paid 30 days after the end of the month for which contributions are to be made. Salary reductions can be up to \$12,500 for each employee for the year 2016. For those employees age 50 or over, an additional \$3,000 can be contributed for the year 2016. The accounts are vested as soon as received by the brokerage firm and belong to the individual. The employer matches either a dollar for dollar contribution up to 3% of 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 \$5,514.63 for 2017. All contributions were funded by January 2018.

The Town has not joined a public pension plan, GASB 67, 68 and 71 would not apply in 2017. The Town does not provide any post employment benefits to its employees.

NOTE # 11 - ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at December 31, 2017:

<u>Class of Payable</u>	<u>GOVERNMENTAL FUNDS</u>	<u>PROPRIETARY FUNDS</u>	<u>TOTAL</u>
Accounts	\$ 7,892.73	\$ 5,884.11	\$ 13,776.84
Withholding and Payroll Accruals	3,896.21	5,119.15	9,015.36
Customer Deposits	.00	<u>27,025.00</u>	<u>27,025.00</u>
Total Current Payables	<u>\$ 11,788.94</u>	<u>\$ 38,028.26</u>	<u>\$ 49,817.20</u>

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE # 11 - ACCOUNTS AND OTHER PAYABLES CONTINUED

<u>Current Portion of Long-Term Debt</u>	<u>GOVERNMENTAL FUNDS</u>	<u>PROPRIETARY FUNDS</u>	<u>TOTAL</u>
Regions Bank - Vehicle Loan	\$ 5,620.50	\$.00	\$ 5,620.50
USDA Bond Financing Well and Line	.00	\$ 12,346.22	\$ 12,346.22
USDA Bond Financing Tank Project	.00	10,615.54	10,615.54
USDA Fire Department Improvement Bonds Series 2005	1,676.28	.00	1,676.28
Accrued Interest Payable	<u>1,293.63</u>	<u>1,186.28</u>	<u>2,479.91</u>
Total Current Portion of Long-Term Debt	<u>\$ 8,590.41</u>	<u>\$ 24,148.04</u>	<u>\$ 32,738.45</u>
Total Current Liabilities from Non-Restricted and Restricted Sources	<u>\$ 20,379.35</u>	<u>\$ 62,176.30</u>	<u>\$ 82,555.65</u>

NOTE # 12 - NOTES AND CAPITAL LEASES

Notes payable and capital leases at December 31, 2017 are comprised of the following:

Public Improvement Bonds, Series 2005:

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 2017 equaled \$3,590.13. The bond balance owed at year end is \$85,423.43. A schedule of annual payments are listed below:

<u>YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
2018	\$ 3,523.72	\$ 1,676.28	\$ 5,200.00
2019	3,454.57	1,745.43	5,200.00
2020	3,382.57	1,817.43	5,200.00
2021	3,307.60	1,892.40	5,200.00
2022	3,229.54	1,970.46	5,200.00
2023 - 2027	14,859.31	11,140.69	26,000.00
2028 - 2032	12,364.00	13,636.00	26,000.00
2033 - 2037	9,309.77	16,690.23	26,000.00
2038 - 2042	5,571.47	20,428.53	26,000.00
2043 - 2045	1,174.03	14,425.98	15,600.01
<u>TOTAL</u>	<u>\$ 60,176.58</u>	<u>\$ 85,423.43</u>	<u>\$ 145,600.01</u>

MARION STATE BANK AUTOMOBILE LOAN

In 2016, the Town borrowed money to purchase a police vehicle from a local dealership for \$28,494.60. The loan of the same amount has an interest rate of 2% and is payable in 60 monthly installments of \$499.80 per. The interest paid in 2017 is \$490.64.

<u>YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
2018	\$ 377.10	\$ 5,620.50	\$ 5,997.60
2019	262.09	5,735.51	5,997.60
2020	145.23	5,852.37	5,997.60
2021	35.96	3,962.44	3,998.40
<u>TOTAL</u>	<u>\$ 820.38</u>	<u>\$ 21,170.82</u>	<u>\$ 21,991.20</u>

WATER REVENUE BONDS SERIES 2011

BOND R-1

USDA FINANCING WATER SYSTEM IMPROVEMENTS - WELLS AND DISTRIBUTION SYSTEM

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

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE # 12 - NOTES AND CAPITAL LEASES CONTINUED

This note is payable over 40 years, with the first payment of interest only of \$21,952.71. 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 3/4% per annum. A schedule of the annual payments are listed below:

<u>YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
2018	\$ 30,193.78	\$ 12,346.22	\$ 42,540.00
2019	29,722.78	12,817.22	42,540.00
2020	29,316.57	13,223.43	42,540.00
2021	28,729.29	13,810.71	42,540.00
2022	28,202.36	14,337.64	42,540.00
2023 - 2027	132,463.43	80,236.57	212,700.00
2028 - 2032	116,001.52	96,698.48	212,700.00
2033 - 2037	96,004.93	116,695.07	212,700.00
2038 - 2042	71,970.40	140,729.60	212,700.00
2043 - 2047	42,984.95	169,715.05	212,700.00
2048 - 2051	9,695.03	140,203.30	149,898.33
<u>TOTAL</u>	<u>\$ 615,285.04</u>	<u>\$ 810,813.29</u>	<u>\$ 1,426,898.33</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 1/2% 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 on 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 2017 is \$23,966.72. The outstanding loan balance based on information from the USDA at December 31, 2017 is \$527,078.84. The Town drew additional funds from this loan for 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 \$8,158.67. 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 \$43,515.71. 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. We did not find any adjusted paperwork on the loan to reflect this change.

<u>YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
2018	\$ 23,500.46	\$ 10,615.54	\$ 34,116.00
2019	23,012.81	11,103.19	34,116.00
2020	22,566.93	11,549.07	34,116.00
2021	21,972.15	12,143.85	34,116.00
2022	21,414.26	12,701.74	34,116.00
2023 - 2027	97,829.87	72,750.13	170,580.00
2028 - 2032	79,546.64	91,033.36	170,580.00
2033 - 2037	56,555.23	114,024.77	170,580.00
2038 - 2042	27,831.45	142,748.55	170,580.00
2043 - 2044	1,702.61	48,408.64	50,111.25
<u>TOTAL</u>	<u>\$ 375,932.41</u>	<u>\$ 527,078.84</u>	<u>\$ 903,011.25</u>

The schedule below shows the retirement of debt at December 31, 2017:

	<u>DECEMBER 31,</u> <u>2016</u>	<u>ADDITION</u> <u>TO DEBT</u>	<u>RETIREMENT</u> <u>OF DEBT</u>	<u>DECEMBER 31,</u> <u>2017</u>
Governmental Fund:				
Public Improvement Bonds Fire Department Building	\$ 87,033.30	\$.00	\$ 1,609.87	\$ 85,423.43
Marion State Bank - Automobile Loan	26,677.78	.00	5,506.96	21,170.82
Total Governmental Fund	<u>\$ 113,711.08</u>	<u>\$.00</u>	<u>\$ 7,116.83</u>	<u>\$ 106,594.25</u>

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE # 12 - NOTES AND CAPITAL LEASES CONTINUED

	<u>DECEMBER 31,</u> <u>2016</u>	<u>ADDITION</u> <u>TO DEBT</u>	<u>RETIREMENT</u> <u>OF DEBT</u>	<u>DECEMBER 31,</u> <u>2017</u>
Enterprise Fund:				
Water Department, Water Revenue Bonds Series 2011				
R-1 Water Wells and Distribution System	\$ 822,705.79	\$.00	\$ 11,892.50	\$ 810,813.29
R-2 Water Elevated Tank	<u>537,228.12</u>	<u>.00</u>	<u>10,149.28</u>	<u>527,078.84</u>
Total Enterprise Fund	<u>\$ 1,359,933.91</u>	<u>\$.00</u>	<u>\$ 22,041.78</u>	<u>\$ 1,337,892.13</u>
 Total Retirement of Debt	 <u>\$ 1,473,644.99</u>	 <u>\$.00</u>	 <u>\$ 29,158.61</u>	 <u>\$ 1,444,486.38</u>

The Town did not have any capital leases at year end.

NOTE # 13 - DEFICIT FUND EQUITY

As of December 31, 2017 no Town funds had deficit fund equities.

NOTE # 14 - 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, 2017 the Water Department owed the General Fund \$4,150 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 are \$43,231.70.

Sales Taxes are split between the General Fund, Water and Sewer Funds. At year end the general fund had not transferred the portion of sales tax collected to the water and sewer funds.

There were no transfers between funds, except for those listed below and the administrative fees between the sewer and water funds.

Receivables and Payables

Interfund receivables and payables consisted of the following at December 31, 2017.

Due to General Fund from the Enterprise Fund:		
Garbage Revenue	\$ 4,150.00	
Due from General Fund to Enterprise Fund:		
Miscellaneous Transfers	(1,980.35)	
Sales Taxes	<u>(5,292.00)</u>	
Total	<u>\$ (3,122.35)</u>	

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

Due from Other funds, Balance Sheet (Net) - Governmental Funds	\$ (3,122.35)
Due to Other Funds, Statement of Net Assets - Proprietary Funds	<u>3,122.35</u>
Total	<u>\$.00</u>

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments funds are made. All interfund receivables and payables were paid in 2018.

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.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE #16 - FUND CHANGES AND FUND BALANCES

Amounts for specific purposes by fund and fund balance classifications for the year ended December 31, 2017 are as follows:

<u>CLASSIFICATION/FUND</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
<u>NON-SPENDABLE:</u>		
General Fund	Prepaid Items	\$ 13,885.13
General Fund	Interfund Advances	(3,122.35)
<u>RESTRICTED:</u>		
General Fund		
Fire Bond Sinking and Reserve Funds	Debt Service	10,526.80
<u>COMMITTED:</u>		
None		.00
<u>ASSIGNED:</u>		
Capital Project	Capital Project	200.00
<u>UNASSIGNED:</u>		
General Fund		<u>374,083.32</u>
<u>TOTAL FUND BALANCE</u>		<u>\$ 395,572.90</u>

NOTE # 17- PROPRIETARY FUND SEGMENT INFORMATION

The Town maintains one Enterprise Fund which provides water and sewer services. Segment information for the year ended December 31, 2017 is as follows:

Current Assets	\$ 222,316.24
Restricted Assets	342,427.14
Capital Assets, Net	<u>2,408,987.32</u>
Total Assets	<u>\$ 2,973,730.70</u>
Current Liabilities	\$ 7,880.91
Current Liabilities from Restricted Assets	51,173.04
Long-Term Debt	<u>1,314,930.37</u>
Total Liabilities	<u>\$ 1,373,984.32</u>
Invested in Capital Assets, Net	\$ 1,069,908.91
Restricted	319,319.76
Unrestricted	<u>210,517.71</u>
Total Net Position	<u>\$ 1,599,746.38</u>
Operating Revenues:	
Water/Sewer Sales and Service	\$ 240,618.48
Sales Taxes	94,076.00
Miscellaneous	<u>266.22</u>
Total Operating Revenues	\$ 334,960.70
Operating Expenses	(395,132.29)
Non - Operating Revenues (Expenses)	<u>(43,954.14)</u>
Change in Net Position	\$ (104,125.73)
Net Position (Deficit) - Beginning of Year	<u>1,703,872.11</u>
Net Position (Deficit) - Ending of Year	<u>\$ 1,599,746.38</u>

NOTE # 18 - STATEMENT OF CASH FLOWS FROM PROPRIETARY FUNDS

For purposes of this Statement of Cash Flows, for proprietary fund types, all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased are considered to be cash equivalents. The cash and cash equivalents as stated on the Statement of Cash Flows are as follows:

TOWN OF MARION
MARION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE # 18 - STATEMENT OF CASH FLOWS FROM PROPRIETARY FUNDS CONTINUED

Unrestricted	\$ 139,495.14
Restricted	<u>184,287.70</u>
Totals	<u>\$ 323,782.84</u>

The segment information on the Statement of Cash Flows is as follows:

Cash Flows from Operating Activities	\$ 86,124.16
Cash Flows from Non-Capital Financing Activities	(1,359.17)
Cash Flows from Capital and Related Financing Activities	(72,616.00)
Cash Flows from Investing Activities	<u>1,038.44</u>
Net Increase (Decrease in Cash and Cash Equivalents	\$ 13,187.43
Cash and Cash Equivalents - December 31, 2016	<u>310,595.41</u>
Cash and Cash Equivalents - December 31, 2017	<u>\$ 323,782.84</u>

NOTE # 19 - CONTINGENCIES

Legal Actions

According to the Town and their attorney there were no active legal actions against the Town.

NOTE # 20 - RELATED PARTY TRANSACTION

There are no related party transactions that came to our attention.

NOTE # 21 - RISK MANAGEMENT

The Town is exposed to risks 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 # 22 - GRANTS AND OTHER FINANCING

The Town received a LGAP grant for \$7,000 that was used to clean out and inspect their water tanks.

NOTE #23 SUBSEQUENT EVENTS

Subsequent events after the year end and through June 22, 2018, the period the financial statements were available for management are as follows:

In 2018, the Town received a grant of \$897,700 from the LCDBG for improvements to water tanks and to comply with regulations for water quality.

NOTE # 24 - 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-profit's 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. 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. 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.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF MARION
MARION, LOUISIANA
GENERAL FUND

STATEMENT A

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>REVENUE</u>	<u>ORIGINAL</u> <u>BUDGET</u>	<u>AMENDED</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
Property Taxes	\$ 40,000.00	\$ 40,000.00	\$ 41,106.02	\$ 1,106.02
Franchise Taxes	41,300.00	41,000.00	42,439.34	1,439.34
Sales Taxes	150,000.00	150,000.00	141,559.16	(8,440.84)
Licenses and Permits	37,060.00	37,210.00	38,531.58	1,321.58
Intergovernmental	1,400.00	1,400.00	1,270.64	(129.36)
Sanitation Fees	49,600.00	49,600.00	49,620.00	20.00
Fines	20,060.00	23,900.00	23,956.55	56.55
Interest Income	1,470.00	1,500.00	1,856.27	356.27
Miscellaneous	1,000.00	600.00	609.20	9.20
Fire Department- Insurance Rebate	3,700.00	3,873.00	3,872.88	(0.12)
Police Supplemental Pay	.00	.00	6,000.00	6,000.00
Landfill Rebate	1,700.00	1,700.00	1,719.92	19.92
DOTD - Street Reimbursement	5,560.00	8,340.00	5,560.00	(2,780.00)
Donations	.00	1,300.00	65,288.31	63,988.31
Fire Station Rentals	.00	1,500.00	1,500.00	.00
Tower Rent	5,200.00	5,200.00	6,000.00	800.00
Total Revenues	<u>\$ 358,050.00</u>	<u>\$ 367,123.00</u>	<u>\$ 430,889.87</u>	<u>\$ 63,766.87</u>
 <u>EXPENDITURES</u>				
Current				
General and Administrative	\$ 93,205.00	\$ 96,032.00	\$ 93,666.02	\$ 2,365.98
Police Protection	134,716.00	136,242.00	140,817.02	(4,575.02)
Fire Protection	18,825.00	16,267.00	13,909.12	2,357.88
Public Works	41,110.00	83,997.00	55,952.63	28,044.37
Sanitation Department	13,115.00	8,394.00	9,322.76	(928.76)
Culture and Recreation	1,260.00	1,481.00	1,710.58	(229.58)
Total Expenditures	<u>\$ 302,231.00</u>	<u>\$ 342,413.00</u>	<u>\$ 315,378.13</u>	<u>\$ 27,034.87</u>
 <u>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</u>	 <u>\$ 55,819.00</u>	 <u>\$ 24,710.00</u>	 <u>\$ 115,511.74</u>	 <u>\$ 90,801.74</u>
 <u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from Sale of Assets	\$.00	\$.00	\$ 755.00	\$ 755.00
 <u>PAYMENTS FOR ACQUISITION OF CAPITAL ASSETS</u>	 <u>\$ (11,894.00)</u>	 <u>\$ (11,894.00)</u>	 <u>\$ (98,177.60)</u>	 <u>\$ (86,283.60)</u>
 <u>PAYMENTS TO LONG-TERM DEBT</u>	 <u>\$ (5,200.00)</u>	 <u>\$ (5,200.00)</u>	 <u>\$ (11,197.60)</u>	 <u>\$ (5,997.60)</u>
 <u>EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER)</u> <u>EXPENDITURES AND OTHER (USES) BEFORE EXTRAORDINARY</u> <u>ITEM</u>	 <u>\$ 38,725.00</u>	 <u>\$ 7,616.00</u>	 <u>\$ 6,891.54</u>	 <u>\$ (724.46)</u>

<u>FUND BALANCE: BEGINNING</u>	<u>375,142.97</u>	<u>375,142.97</u>	<u>375,142.97</u>	<u>.00</u>
<u>FUND BALANCE: ENDING</u>	<u>\$ 413,867.97</u>	<u>\$ 382,758.97</u>	<u>\$ 382,034.51</u>	<u>\$ (724.46)</u>

See accompanying notes and auditors' report.

TOWN OF MARION
MARION, LOUISIANA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017

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 the 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
PROPRIETARY FUND - WATER
STATEMENT OF CHANGES IN FUND NET POSITION - BUDGET (GAAP) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

SCHEDULE 1

	WATER			
	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
<u>REVENUE</u>	\$ 238,300.00	\$ 241,807.00	\$ 237,723.35	\$ (4,083.65)
<u>EXPENDITURES</u>				
Current				
Salaries and Employee Benefits	\$ 128,950.00	\$ 128,100.00	\$ 126,577.01	\$ 1,522.99
Office Supplies	3,700.00	6,000.00	6,879.07	(879.07)
Professional Fees	3,550.00	3,563.00	3,562.50	.50
Repairs and Maintenance	23,500.00	35,000.00	32,874.45	2,125.55
Vehicle Expense	5,000.00	4,500.00	4,610.02	(110.02)
Utilities and Telephone	10,748.00	10,900.00	11,830.95	(930.95)
Depreciation and Amortization	17,136.00	17,136.00	109,433.21	(92,297.21)
Insurance	9,690.00	9,305.00	9,796.93	(491.93)
Miscellaneous	500.00	1,525.00	153.69	1,371.31
Administration Charge Sewer	(42,000.00)	(42,000.00)	(43,231.70)	1,231.70
Total Expenditures	<u>\$ 160,774.00</u>	<u>\$ 174,029.00</u>	<u>\$ 262,486.13</u>	<u>\$ (88,457.13)</u>
<u>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</u>	<u>\$ 77,526.00</u>	<u>\$ 67,778.00</u>	<u>\$ (24,762.78)</u>	<u>\$ (92,540.78)</u>
Non-Operating Revenues (Expenses):				
Investment Interest	\$ 500.00	\$ 500.00	\$ 2,665.05	\$ 2,165.05
Interest Expense	(76,656.00)	(76,656.00)	(54,594.43)	22,061.57
Grant Income State of Louisiana	.00	.00	7,000.00	7,000.00
Proceeds from Sale of Assets Net of Disposals	.00	.00	699.36	699.36
Total Non-Operating Revenues (Expenses)	<u>\$ (76,156.00)</u>	<u>\$ (76,156.00)</u>	<u>\$ (44,230.02)</u>	<u>\$ 31,925.98</u>
Change in Net Position	\$ 1,370.00	\$ (8,378.00)	\$ (68,992.80)	\$ (60,614.80)
<u>NET POSITION - Beginning of the Year Originally Stated</u>	<u>690,410.29</u>	<u>690,410.29</u>	<u>690,410.29</u>	<u>.00</u>
<u>NET POSITION-END OF THE YEAR</u>	<u>\$ 691,780.29</u>	<u>\$ 682,032.29</u>	<u>\$ 621,417.49</u>	<u>\$ (60,614.80)</u>

See accompanying notes and auditors' report.

TOWN OF MARION
MARION, LOUISIANA
PROPRIETARY FUND - SEWER
STATEMENT OF CHANGES IN FUND NET POSITION - BUDGET (GAAP) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

SCHEDULE 2

	SEWER			
	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
<u>REVENUE</u>	\$ 101,500.00	\$ 100,100.00	\$ 97,237.35	\$ (2,862.65)
<u>EXPENDITURES</u>				
Current				
Salaries and Employee Benefits	\$ 15,000.00	\$ 14,800.00	\$ 15,895.77	\$ (1,095.77)
Office Supplies	1,450.00	1,050.00	1,032.72	17.28
Professional Fees	3,550.00	3,563.00	3,562.50	.50
Repairs and Maintenance	7,500.00	15,000.00	12,674.98	2,325.02
Vehicle Expense	4,070.00	3,100.00	3,422.05	(322.05)
Utilities and Telephone	8,850.00	9,336.00	10,355.28	(1,019.28)
Depreciation and Amortization	.00	.00	35,471.46	(35,471.46)
EPA Testing	4,500.00	3,100.00	1,155.00	1,945.00
Insurance	8,470.00	5,668.00	5,844.70	(176.70)
Miscellaneous	1,300.00	1,300.00	.00	1,300.00
Administration Charge Sewer	42,000.00	42,000.00	43,231.70	(1,231.70)
Total Expenditures	<u>\$ 96,690.00</u>	<u>\$ 98,917.00</u>	<u>\$ 132,646.16</u>	<u>\$ (33,729.16)</u>
<u>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</u>	<u>\$ 4,810.00</u>	<u>\$ 1,183.00</u>	<u>\$ (35,408.81)</u>	<u>\$ (36,591.81)</u>
Non-Operating Revenues (Expenses):				
Investment Interest	\$ 500.00	\$ 285.00	\$ 275.88	\$ (9.12)
Total Non-Operating Revenues (Expenses)	<u>\$ 500.00</u>	<u>\$ 285.00</u>	<u>\$ 275.88</u>	<u>\$ (9.12)</u>
Change in Net Position	\$ 5,310.00	\$ 1,468.00	\$ (35,132.93)	\$ (36,600.93)
<u>NET POSITION - Beginning of the Year Originally Stated</u>	<u>1,013,461.82</u>	<u>1,013,461.82</u>	<u>1,013,461.82</u>	<u>.00</u>
<u>NET POSITION - END OF THE YEAR</u>	<u>\$ 1,018,771.82</u>	<u>\$ 1,014,929.82</u>	<u>\$ 978,328.89</u>	<u>\$ (36,600.93)</u>

See accompanying notes and auditors' report.

TOWN OF MARION
MARION, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO THE ELECTED OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2017

SCHEDULE 3

Mayor Kenneth W. Franklin	\$	6,000.00
Alderman Ralph Holley	\$	1,200.00
Alderman Jeffrey Kirkland	\$	1,200.00
Alderwoman Lindsey Redd	\$	1,200.00
Alderwoman Bobbie Wayne *	\$	900.00
Alderman Eugene "Bubba" Hoggatt	\$	1,200.00
Alderman Johnny B. Gilliam*	\$	200.00
Police Chief Mark Dodd	\$	43,800.00

The council members' and police chief's term of office expires December 2018.

* Alderwoman Wayne passed away on September 23, 2017. Alderman Gilliam was appointed to complete her term in November 2017.

See accompanying notes and auditors' report.

TOWN OF MARION
MARION, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2017

SCHEDULE 4

Kenneth W. Franklin , Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$6,000.00
Benefits -Insurance	None
Benefits - Retirement	\$180.00
Benefits	None
Car Allowance	None
Vehicle Provided by Government	None
Per Diem	None
Reimbursements	None
Travel	None
Registration Fees	None
Conference Travel	None
Continuing Professional Education Fees	None
Housing	None
Unvouchered Expenses	None
Special Meals	None
Cell Phone	None

See accompanying notes and auditors' report.

TOWN OF MARION
MARION, LOUISIANA
SCHEDULE OF CURRENT INSURANCE IN FORCE (UNAUDITED)
DECEMBER 31, 2017

SCHEDULE 5

<u>INSURANCE COMPANY</u>	<u>POLICY</u>	<u>DATE</u>	<u>COVERAGE TYPE</u>	<u>AMOUNT</u>	<u>PREMIUM</u>
Employers Mutual Insurance Co.	5E10230-19	05/01/18 - 05/01/19	Property 398 Main Street Building Contents 111 Gayle Street Building Contents Co-Insurance Deductible Water Tank	\$ 676,150.00 15,750.00 571,100.00 52,500.00 90% 1,000.00 375,000.00	\$ 5,799.43
Employers Mutual Insurance Co.	5E10230-19	05/01/18 - 05/01/19	Inland Marine		100.00
Travelers Indemnity Co. of America	5E720504-660	05/01/18 - 05/01/19	Equipment Floater Case Backhoe Generator Data/Mediae Deductible	.00 38,000.00 72,000.00 50,000.00 1,000.00	841.00
Travelers Indemnity Co. of America	5E720504-660	05/01/18 - 05/01/19	Government Crime Policy	100,000.00	414.00
Travelers Indemnity Co. of America	H81008B167085INB18	05/01/18 - 05/01/19	Commercial Auto Liability Combined Single Limit Uninsured Motorist Medical Payments	1,000,000.00 1,000,000.00 1,000.00	13,191.00
Employers Mutual Insurance Co.	5E10230-19	05/01/18 - 05/01/19	Commercial Auto Physical Damage 2003 International Garbage Truck Deductible 2005 Crown Victoria Deductible 1987 Spartan Pumper Truck Deductible 2005 Sterling Fire Truck Deductible 2005 Sterling Fire Truck Deductible 2008 Dodge Truck Deductible 2010 Chevy Impala Deductible 2014 Ford F-150 - Water Deductible	55,000.00 1,000.00 24,575.00 1,000.00 45,000.00 1,000.00 160,000.00 1,000.00 160,000.00 1,000.00 25,710.00 1,000.00 23,890.00 1,000.00 21,400.00 1,000.00	3,801.00
Travelers Indemnity Co.	ZLP61M04469-18-PB	05/01/18 - 05/01/19	General Liability Aggregate P & CO Aggregate Per Occurrence	3,000,000.00 2,000,000.00 1,000,000.00	10,474.00

Medical Payments - Excluded

Stonetrust	WCV008824704	05/01/18 - 05/01/19	Workmen's Compensation		7,673.00
			Each Accident	1,000,000.00	
			Disease - Policy Limit	1,000,000.00	
			Disease - Each Employee	1,000,000.00	
Travelers Indemnity Co.	ZLP61M04469-18PB	05/01/18 - 05/01/19	Public Entity Employment - Related Practices Liability		2,500.00
			Aggregate (shared limit)	1,000,000.00	
			Each Wrongful Act	1,000,000.00	
			Deductible	5,000.00	
Travelers Indemnity Co.	ZLP61M04469-18PB	05/01/18 - 05/01/19	Employee Benefits Plan Liability		192.00
			Aggregate	3,000,000.00	
			Each Wrongful Act	1,000,000.00	
			Deductible	1,000.00	
Travelers Indemnity Co.	ZLP61M04469	05/01/18 - 05/01/19	Public Entity Management Liability		5,042.00
			Aggregate	1,000,000.00	
			Each Wrongful Act	1,000,000.00	
			Deductible	5,000.00	
Travelers Indemnity Co.	ZLP61M04469	05/01/18 - 05/01/19	Law Enforcement Liability		6,781.00
			Aggregate	1,000,000.00	
			Each Wrongful Act	1,000,000.00	
			Deductible	5,000.00	
Blue Cross	26X31ERC	Monthly	Employee Health and Accident	Estimated for 2018	49,072.85
			HMO Group Premium Age Based		
			The Town pays for employees health; an employee may choose to have family coverage, which is paid by employee. At the end of 2017, no employee had family coverage.		
Guardian Life	748682	Monthly	Employee Term Life/Dental/Vision Plan	Estimated for 2018	5,715.60
			Premium Age Based		
			Town Pays for Employees Premiums		
AFLAC	CNC62	Monthly	Employee Cafeteria Plan		.00
			Premiums are paid by participating employees.		

See accompanying notes and auditors' report.

TOWN OF MARION
MARION, LOUISIANA
CASH ACCOUNTS AND INVESTMENTS
DECEMBER 31, 2017

SCHEDULE 6

	<u>INTEREST RATE</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS -TYPE ACTIVITIES</u>	<u>TOTAL FUNDS</u>
<u>CASH ACCOUNTS</u>				
Regular Checking	0.50%	\$ 322,299.55	\$ 91,188.98	\$ 413,488.53
Regular Checking - Sewer	0.50%	.00	48,206.16	48,206.16
Tower Checking	0.18%	18,027.72	.00	18,027.72
Petty Cash		.00	100.00	100.00
Project Checking		200.00	.00	200.00
Total		<u>\$ 340,527.27</u>	<u>\$ 139,495.14</u>	<u>\$ 480,022.41</u>
<u>INVESTED FUNDS</u>				
Certificate of Deposit - General Fund	1.88%	\$ 14,621.33	\$.00	\$ 14,621.33
Certificate of Deposit - Water	1.00%	.00	33,805.91	33,805.91
Total		<u>\$ 14,621.33</u>	<u>\$ 33,805.91</u>	<u>\$ 48,427.24</u>
<u>RESTRICTED FUNDS</u>				
Water Dept. Utility Deposits Checking	0.50%	\$.00	\$ 23,107.38	\$ 23,107.38
Savings Fire Bond Sinking Fund	0.10%	2,671.69	.00	2,671.69
Savings Fire Bond Reserve Fund	0.10%	2,016.57	.00	2,016.57
Savings Fire Bond Depreciation Fund	0.10%	2,919.27	.00	2,919.27
Savings Fire Bond Contingency Fund	0.10%	2,919.27	.00	2,919.27
Savings Water Sinking Fund	0.10%	.00	61,313.08	61,313.08
Savings Water Debt Service Fund	0.10%	.00	24,252.13	24,252.13
Savings Water Contingency Fund	0.10%	.00	24,252.13	24,252.13
Savings Water Depr. S/L Assets	0.10%	.00	51,362.98	51,362.98
<u>RESTRICTED INVESTED FUNDS</u>				
Water Deprecation Short Lived Assets	1.00%	.00	113,720.29	113,720.29
Water Dept. Utility Deposits:				
Certificates of Deposits	1.00%	.00	17,013.80	17,013.80
Water Operation & Maintenance	1.00%	.00	23,629.06	23,629.06
CF Elevated Tank Debt Service Reserve	1.00%	.00	3,776.29	3,776.29
Total		<u>\$ 10,526.80</u>	<u>\$ 342,427.14</u>	<u>\$ 352,953.94</u>
<u>GRAND TOTALS</u>		<u>\$ 365,675.40</u>	<u>\$ 515,728.19</u>	<u>\$ 881,403.59</u>

See accompanying notes and auditors' report.

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

GARRETT & GARRETT
CERTIFIED PUBLIC ACCOUNTANTS
119 PROFESSIONAL DRIVE
WEST MONROE, LOUISIANA 71291

CAROLYN V. GARRETT
JUDY D. GARRETT

PHONE: 318 322-0845
FAX: 318 322-5577

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

To the Honorable Mayor Kenneth W. Franklin
and the Board of Aldermen and Alderwomen
Town of Marion, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Marion, Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town of Marion, Louisiana's basic financial statements, and have issued our report thereon dated June 22, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Marion, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Marion, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Marion, Louisiana's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings, recommendations, and questioned costs that we consider to be significant deficiencies. (See finding, recommendations, and question costs 2017-01, 2017-02 and 2017-03)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Marion, Louisiana's financial statements are free from material misstatement, we performed test 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Marion, Louisiana's Response to Findings

The Town of Marion, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings, recommendations, and questioned costs. The Town of Marion, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

The Honorable Mayor Kenneth W. Franklin
and Members of the Board of Aldermen and Alderwomen
Town of Marion, Louisiana
Page 2

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Garrett and Garrett, CPAS

A handwritten signature in black ink that reads "Garrett & Garrett CPAs". The signature is written in a cursive, stylized font.

West Monroe, Louisiana
June 22, 2018

PRIOR YEAR AUDIT FINDINGS

GARRETT & GARRETT
CERTIFIED PUBLIC ACCOUNTANTS
119 PROFESSIONAL DRIVE
WEST MONROE, LOUISIANA 71291

CAROLYN V. GARRETT
JUDY D. GARRETT

PHONE: 318 322-0845
FAX: 318 322-5577

June 22, 2018

Findings related to the Financial Statements that are required to be reported under Government Auditing Standards

Our recommendations are the result of our assessment of the current procedures and practices of the Town's operations and are intended to improve controls over financial operations, provide advice in implementing good business practices, and ensure compliance with state laws. However, management of the Town should consider the cost of implementing our recommendations compared to the benefits they will provide.

Internal Control

2016-01 General Accounting

Condition

Management does not have sufficient capable expertise to prepare financial statements and related footnote disclosures.

Criteria

The Town is responsible for preparing financial statements required by the Louisiana Legislative Auditor's.

Cause

The population of the Town does not give the Town the opportunity to hire individuals with the required knowledge to prepare financial statements and related footnotes that would be required by the Louisiana Legislative Auditor's Office. The financial cost may also be unrealistic for a Town of this size.

Effect

The Town cannot issue financial statements with the required standards, however, the Town can prepare financial statements that can be used for the Town's management and some third party agencies.

Recommendation

No action is recommended.

Name of Contact Person

Johnnie Baker, Clerk

Corrective Action Planned/ Management's Response

The Town concurs with the finding, but it is not economically feasible for corrective action to be taken.

2016-02 Segregation of Duties

Condition

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

Criteria

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

Cause

Town cannot afford to hire enough people to separate duties.

Effect

The Town would be susceptible to misuse of its assets or fraud

Recommendation

We have no recommendations.

Name of Contact Person

Kenneth Franklin, Mayor

Corrective Action Planned/ Management's Response

We agree that a complete segregation of accounting functions would strengthen the controls, but the limited current financial resources, we are not able to hire additional personnel at this time.

Compliance:

2016-03 Loan with Marion State Bank

Condition

The Town did not obtain State Bond Commission approval before incurring a bank loan for equipment purchases as required by Louisiana R. S. 39:1410.60.

Criteria

By state law, the Town is to receive approval from the State of Louisiana's Bond Commission before it enters into any long-term debt.

Cause

The police department needed a new vehicle for its officers. The Town was to lease the vehicle through a lease that did not require approval from the Bond Commission. However, there was some confusion when the bank did the documentation and the lease ended up to be a five year loan.

Effect

The Town is not in compliance with state law.

Recommendation

The Town should make sure it receives approval for any long-term debt.

Name of Contact Person

Kenneth Franklin, Mayor

Corrective Action Planned/ Management's Response

The Town will ensure approval is requested from the State of Louisiana's Bond Commission before incurring any long-term debt.

Action Taken in 2017

The Town did not issue debt or receive proceeds from a new loan in 2017.

SCHEDULE OF FINDINGS, RECOMMENDATIONS, AND QUESTIONED COST

TOWN OF MARION
MARION, LOUISIANA
SCHEDULE OF FINDINGS, RECOMMENDATIONS, AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Findings related to the Financial Statements that are required to be reported under Government Auditing Standards

Our recommendations are the result of our assessment of the current procedures and practices of the Town's operations and are intended to improve controls over financial operations, provide advice in implementing good business practices, and ensure compliance with state laws. However, management of the Town should consider the cost of implementing our recommendations compared to the benefits they will provide.

Internal Control

2017-01 General Accounting

Condition

Management does not have sufficient capable expertise to prepare financial statements and related footnote disclosures.

Criteria

The Town is responsible for preparing financial statements required by the Louisiana Legislative Auditor's.

Cause

The population of the Town does not give the Town the opportunity to hire individuals with the required knowledge to prepare financial statements and related footnotes that would be required by the Louisiana Legislative Auditor's Office. The financial cost may also be unrealistic for a Town of this size.

Effect

The Town cannot issue financial statements with the required standards, however, the Town can prepare financial statements that can be used for the Town's management and some third party agencies.

Recommendation

No action is recommended.

Name of Contact Person

Johnnie Baker, Clerk

Corrective Action Planned/ Management's Response

The Town concurs with the finding, but it is not economically feasible for corrective action to be taken.

2017-02 Segregation of Duties

Condition

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

Criteria

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

Cause

Town cannot afford to hire enough people to separate duties.

Effect

The Town would be susceptible to misuse of its assets or fraud

Recommendation

We have no recommendations.

Name of Contact Person

Kenneth Franklin, Mayor

Corrective Action Planned/ Management's Response

We agree that a complete segregation of accounting functions would strengthen the controls, but the limited current financial resources, we are not able to hire additional personnel at this time.

2017-03 Budget Variance

Condition

The variance between the Town's general fund actual revenues and expenditures are not within 5% of the fund's budget.

Criteria

Louisiana R. S. 39:1311 requires the general fund actual to budget variance to be less than 5%.

Cause

The Town did not budget donations of equipment and some other non-cash transactions. The budget is based on cash transactions.

Effect

The Town is not in compliance with Louisiana budget requirements.

Recommendation

The Town needs to budget non-cash transactions.

Name of Contact Person

Kenneth Franklin, Mayor

Corrective Action Planned/ Management's Response

We agree with recommendation.

Town of Marion
Marion, Louisiana

Agreed-Upon Procedures Report

Year Ended December 31, 2017

Garrett and Garrett CPAS

119 Professional Drive

West Monroe, Louisiana 71291

Carolyn V. Garrett, CPA

Telephone: (318)322-0845

Judy D. Garrett, CPA

Fax: (318)322-5577

Email: cpa.gg@comcast.net

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Mayor Kenneth Franklin
the Councilmen and Councilwomen of the Town of Marion,
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the management of the Town of Marion, Marion, Louisiana (Town) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Town of Marion's compliance with certain laws, regulations and best practices during the year ended December 31, 2017. Management of the Town is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

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

b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

We obtained the written policy and procedures and all areas were addressed in their current policy except number 2, how vendors are added to the vendor list. The policy does not address this procedure.

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

All areas were addressed in their current policy.

d) **Receipts**, including receiving, recording, and preparing deposits

The Town does not have a current written policy for receipts.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

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

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

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

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

The Town had no exception in regards to this procedure.

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

The Town had no noted exceptions as a result of the application of this procedure.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

The Town did not have a written ethics policy for 2017, but has a policy for 2018.

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

The Town does not have a written debt service policy.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The board met at least monthly.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

Based on our inquiry of the board and Town clerk, the board is given a budget to actual report each month. However, the minutes only mention the approval of the financial reports.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The budget-to-actual comparisons do not show a deficit spending. The Town does not have a written plan.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The minutes do refer to bids, grant applications, but are not consistent or clear in the areas of contracts and other disbursements.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

We obtained a list of the client's bank accounts and their representation that the list is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

We obtained bank statements and reconciliations for all months in the fiscal period. All checking accounts were reconciled monthly.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

There are no exceptions noted as a result of this procedure.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

The Town had documentation as to the reason for any outstanding items on their bank reconciliations.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

We obtained a list from the Town and their representation that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

The Town does not have separate bonds for the clerks that handle the deposits. They have a crime policy that covers theft, forgery and crime on the premises with a \$100,000 maximum. The Town has only 2 employees in the business office, so there is little separation of duties. The clerk that collects receipts also takes the deposit to the bank, posts the payments to the separate subsidiary ledgers. This clerk does not post the deposits to the general ledger nor does she reconcile the bank statement. There are not compensating controls by outside parties. The Town only has one cash register.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

We obtained the bank reconciliations and reviewed reports and receipts. The Town does not have existing written policies regarding reconciliations in the business office to subsidiary ledgers although the clerks are performing these procedures.

Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

All receipts are deposited within one business day of the receipt.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

We did not find any collections that we reviewed that were not supported by a written receipt, a system report, or check stub.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

The Town does not have their procedures documented to reconcile their daily receipts to collections in the business office. The Town only has 2 employees in that department so these procedures are not segregated.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

We obtained a listing of the disbursements and management's representation that the listing is complete was obtained.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Of the 25 invoices examined, 3 did have purchase orders or equivalent attached.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

The purchase orders and invoices were all approved by someone other than the person who initiated the purchase.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

All invoices were approved, however; 3 of the 25 invoices did not have documentation of receipt.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

The Town's policy does not prohibit this procedure.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The Town's policy does not refer to this procedure.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

The stock of checks is stored in offices that access is limited in locked cabinets.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

The Town does not use a signature stamp. Signed checks are in the control of the clerk or the signer until mailed.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

We obtained a list of active credit, fuel, or store cards and the name of the person who maintains possession of cards and management's representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

The Town has 4 credit cards, in which only 3 were used. The Town has 8 fuel cards to identify each vehicle. 2 of the cards were not used in this year while 2 cards are used regularly. For this reason only 6 cards were used in the largest dollar monthly combined statements.

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

All charges were approved by the mayor and one of the council members.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

We found no exceptions to this procedure.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

We checked 47 charges; 19 had no receipt or invoice of which most are fuel charges. According to the fuel company, the pumps can be accessed at any time, but receipts cannot be printed at the pump. Receipts for fuel can only be given to the recipient during hours the employees are there.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Of the transactions reviewed, 29 did not document a business purpose of which 23 are for fuel charges.

Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

We did not find any exceptions to this procedure.

- b) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Of the charges we reviewed, there were no violations of Article 7, Section 14 of the Louisiana Constitution.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

We obtained a list of the travel and expense reimbursements by person and management's representation that the listing is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

We obtained the travel policy for the Town. Their policy refers to rates from the IRS but not GSA rates, however, the amounts paid did not exceed GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity

does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

The travel cost is within GSA rates and did follow the Town's travel policy.

b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

There are no exceptions in regards to this procedure.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

There are no exceptions in regards to this procedure.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

We did not note any exceptions.

c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

We did not note any exceptions.

d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

We did not note any exceptions.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

We received management's representation that the list they provided was complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

According to the Town, they only had 3 contracts in effect during 2017 excluding the auditing contract. Of the 3 contracts only 1 contract had invoices paid. This contract is a 'piggy back contract' through the Union Parish Policy Jury for supplies.

b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

No contracts were subject to the Louisiana Public Bid Law or Procurement Code.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

No contract was amended in 2017.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

All invoices complied with the terms and conditions of the contract.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

We did not find any exceptions in our review of this procedure.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

We received a listing of employees with their salaries and management's representation that the listing is complete.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

We reviewed 4 employees' and 1 council member's personnel files. All were in compliance with the Town's personnel policy.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

There were no changes made to any of the personnel that we reviewed.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

We did not find any exceptions as a result of applying this procedure.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

We did not find any exceptions in our review of this procedure.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

We did not find any exceptions in our review of this procedure.

- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments

(e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

We did not find any exceptions in our review of this procedure.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

We reviewed the quarterly payroll reports as well as the corresponding payments and all were processed on time. We also reviewed the payroll records and the payments for the retirement systems. All liabilities were paid timely.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

There are no exceptions in regards to this procedure.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

We inquired of the mayor and the Town Clerk if he knew of any alleged ethics violations. Neither indicated that they knew of any violations, therefore, there is no documentation and investigation into any allegations.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

The Town did not issue any debt in this period.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The Town paid all scheduled debt service payments and debt reserves were maintained as required by the debt covenants.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

The Town officials did not acknowledge any misappropriations of public funds or assets during this period.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The Town has the notice posted in the business office in Town Hall. The Town does not have the notice posted on their web site.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

We did not identify any exceptions.

Management's Response

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

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the Statewide Agreed-Upon Procedures, and the result of that testing, and not to provide an opinion on control and compliance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the Statewide Agreed-Upon Procedures, and the result of that testing, and not to provide an opinion on control and compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Garrett and Garrett, CPAS
June 22, 2018
West Monroe, Louisiana