

TOWN OF MARION  
MARION, LOUISIANA

REPORT ON AUDIT OF  
BASIC FINANCIAL STATEMENTS

YEARS ENDED  
DECEMBER 31, 2010 AND 2009

TOWN OF MARION  
MARION, LOUISIANA  
ANNUAL FINANCIAL REPORT WITH SUPPLEMENTAL INFORMATION SCHEDULES  
FOR THE YEARS DECEMBER 31, 2010 AND 2009

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TOWN OF MARION  
MARION, LOUISIANA  
ANNUAL FINANCIAL REPORT WITH SUPPLEMENTAL INFORMATION SCHEDULES  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**Town of Marion, Louisiana  
Management's Discussion and Analysis  
December 31, 2010**

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, 2010. 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 assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. The statement of activities shows how the government's net assets changed during this fiscal year. All changes in net assets 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 8, 2009 and it was amended on December 14, 2010.

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 11 - 28.

**Government-Wide Financial Analysis**

Overall, the Town's financial position and results of its operation did improve in fiscal 2010. The largest percentage of the total assets (68%) is the Town's investment in net capital assets. The Town has outstanding debt of \$245,438 which was used to finance some of the \$1,910,600 capital assets. (For more detailed information on the Town's debt and capital assets, see pages 21 - 24). The total liabilities of \$33,229. are 2% of the total net assets.

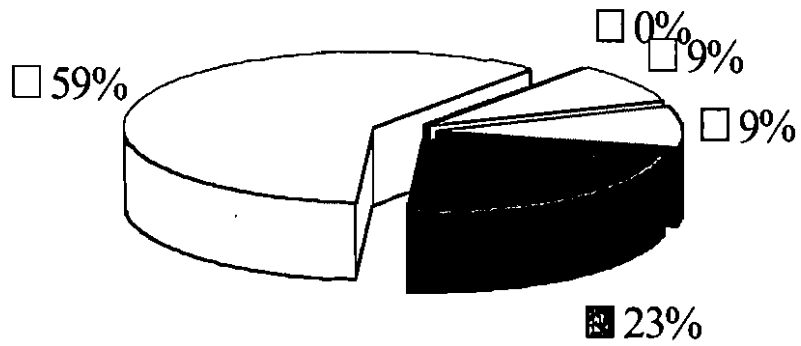
The following table reflects the condensed statement of net assets at December 31, 2010.

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current Assets	\$ 361,612	\$ 444,610	\$ 806,222
Non-current Assets	824,464	1,173,649	1,998,113
<b>Total Assets</b>	<b>\$ 1,186,076</b>	<b>\$ 1,618,259</b>	<b>\$ 2,804,335</b>
<b>Liabilities</b>			
Current Liabilities	\$ 16,437	\$ 189,825	\$ 206,262
Non-current Liabilities	94,175	0	94,175
<b>Total Liabilities</b>	<b>\$ 110,612</b>	<b>\$ 189,825</b>	<b>\$ 300,437</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	\$ 717,621	\$ 934,725	\$ 1,652,346
Restricted	4,760	41,920	46,680
Unrestricted	353,083	451,789	804,872
<b>Total Net Assets</b>	<b>\$ 1,075,464</b>	<b>\$ 1,428,434</b>	<b>\$ 2,503,898</b>

The Town's governmental activities increased the net assets by \$73,456, while business-type activities increased net assets by \$274,240. Below is a summary of the statement of activities:

	Governmental Activities	Business-Type Activities	Total
<b>Revenues</b>			
Program Revenues	\$ 94,484	\$ 453,152	\$ 547,636
General Revenues	373,963	159,747	533,710
<b>Total Revenues</b>	<b>\$ 468,447</b>	<b>\$ 612,899</b>	<b>\$ 1,081,346</b>
<b>Expenses</b>			
General and Administrative	\$ 97,472	\$ 0	\$ 97,472
Public Safety	233,460	0	233,460
Public Services	57,056	0	57,056
Culture and Recreation	3,035	0	3,035
Water & Sewer	0	338,659	338,659
Interest on Long-Term Debt	3,968	0	3,968
<b>Total Expenses</b>	<b>\$ 394,991</b>	<b>\$ 338,659</b>	<b>\$ 733,650</b>
<b>Increases(Decreases) in Net Assets</b>	<b>\$ 73,456</b>	<b>\$ 274,240</b>	<b>\$ 347,696</b>
<b>Net Assets - Jan 1, 2010</b>	<b>1,002,008</b>	<b>1,154,194</b>	<b>2,156,202</b>
<b>Net Assets - Dec 31, 2010</b>	<b>\$ 1,075,464</b>	<b>\$ 1,428,434</b>	<b>\$ 2,503,898</b>

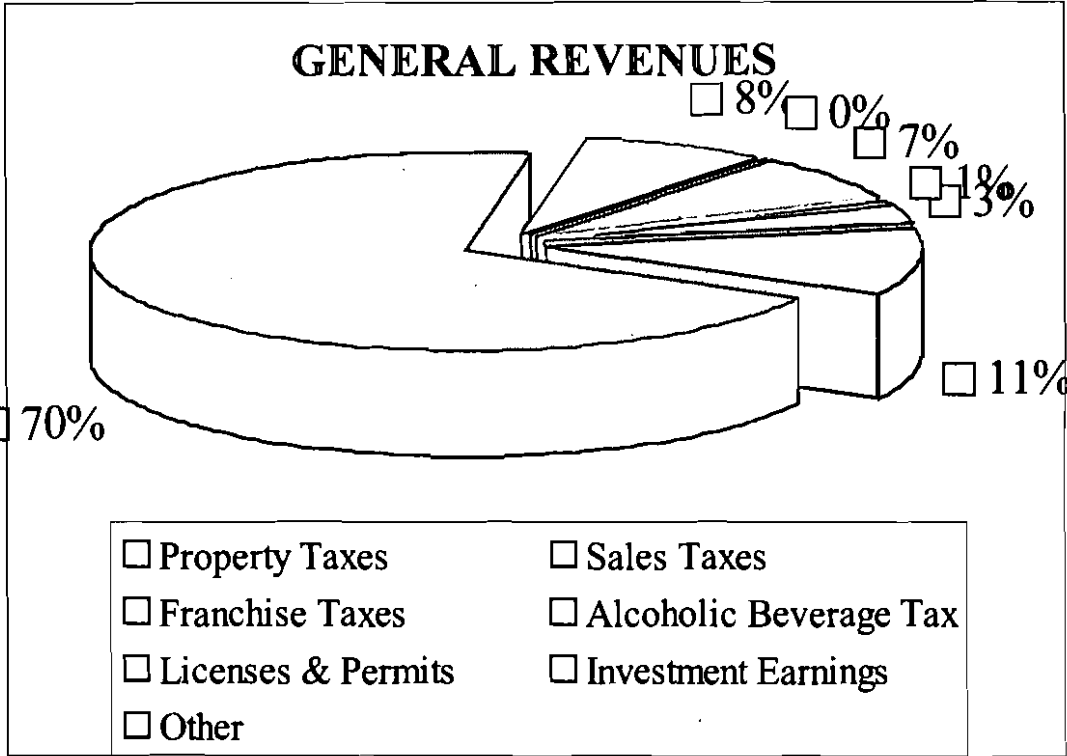
## PROGRAM REVENUES



- |   |   |
|---|---|
| <input type="checkbox"/> General Government | <input type="checkbox"/> Public Safety    |
| <input type="checkbox"/> Public Services    | <input checked="" type="checkbox"/> Water |
| <input type="checkbox"/> Sewer              |   |

**Program Revenues Are Broken Down By:**

General Government	\$	0
Public Safety		47,739
Public Services		46,745
Water		125,257
Sewer		327,894
Total Program Revenues	\$	<u>547,635</u>



**General Revenues Consist of the Following:**

Property Taxes	\$ 56,319
Sales Taxes	373,720
Franchise Taxes	42,435
Alcoholic Beverage Tax	1,192
Licenses & Permits	39,040
Investment Earnings	5,100
Other	15,904
<b>Total General Revenues</b>	<b><u>\$ 533,710</u></b>



### Financial Analysis of the Government's Funds

The Town of Marion's governmental funds reported an ending fund balance of \$357,844, which is an increase of \$50,295.

The Town's proprietary fund shows ending net assets of \$1,428,434, which is an increase of \$274,240.

### General Fund Budgetary Highlights

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

1. Sales tax increased \$90,000 due to construction from one major contributor.
2. Property tax was increased by \$18,000 due to the 2010 property reassessment.
3. The increase in general fund was due to an added coroner expense and repairs and maintenance was not budgeted adequately at the beginning of the year.
4. The fire protection budget was increased by \$23,500 to prepare for a fire rating that was scheduled for 2010. The rating was postponed until 2011 after the budget had been amended.

The final budget and actual results difference show a negative position.

In the street department the Town had unbudgeted capital expenditures of \$73,000. The Town completed a street project on Simmons Street to Centurylink as well as some other minor street projects.

### Capital Assets and Debt Administration

The total investment in net capital assets as of December 31, 2010 is \$1,911,000.

New major capital assets purchased in fiscal 2010 are:

1. The Town purchased new protective fire gear for \$13,500.
2. The Town had street repairs on Simmons and Thomas for \$67,900.
3. In the street department phase I of the street mapping program was completed at a cost of \$4,950.
4. A four ton air-conditioning/heating unit was installed for \$4,800.
5. The water well project construction is progress was approximately \$118,000.
6. The Town received donated land for the water well project for approximately \$6,500.
7. The Town installed new sewer lines for approximately \$330,000.

### Current Financial Factors

Sales tax collection through May 2011 is \$274,000 compared to collections of \$137,829 for the same collection period in 2010.

Utility collections for 2011 are \$100,274 which is a 33 % increase compared to the same period in 2010.

### Construction Projects

The Town received an LCDBG Grant in the amount of \$574,746. The grant is for street repairs on Alice, Williams, Kennedy, and Andrews. Kennedy street will have 2,250 feet of overlay and Alice, Williams, and Andrews will have 6,700 feet of reconstruction. The Town will invest \$40,000 on the project in addition to the LCDBG. The Town anticipates the project to begin in early fall of 2011.

The Town received a grant for a walking trail in the amount \$40,000.00. The project is scheduled to get underway in the summer of 2011.

In 2010, the Town applied for loans from the USDA in the amount of \$2,058,000 for a water well project. The interim financing of \$150,000 for test wells will be paid off by June 26, 2011. The rest of the project will begin the summer of 2011, shortly after the closing of the loans.

The Town now has acquired a canine unit for drug control and an officer has received training for the canine.

**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**

May 31, 2011

**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Marion, Louisiana, as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town of Marion, Louisiana's management. 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 and the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion generally accepted in the United States of America.

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, each major fund, and the aggregate remaining fund information of the Town of Marion, Louisiana, as of December 31, 2010 and 2009, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 31, 2011 on our consideration of the Town of Marion, Louisiana's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages A - F and the required supplemental information, on page 29 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

The Honorable Kenneth W. Franklin, Mayor  
and Members of the Board of Aldermen and Alderwomen  
May 31, 2011  
Page 2

In addition, in our opinion present fairly, in all material respects, the financial position of the aggregate remaining fund information of the Town of Marion, Louisiana as of December 31, 2010 and 2009, and the changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United of America.

The budgetary comparison information on Statement A is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United State of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Marion, Louisiana's basic financial statements. The combining and individual fund statements and schedules, as well as the accompanying supplemental information as listed in the Table of Contents and identified as Schedule 1 through Schedule 6 are presented for purpose of additional analysis and are not a required part of the basic financial statements. The supplemental information on Statement A and Schedule 1 through Schedule 6 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements and accordingly, we express no opinion on them.

GARRETT AND GARRETT  
CERTIFIED PUBLIC ACCOUNTANTS

*Garrett & Garrett CPAs*

**BASIC FINANCIAL STATEMENTS**

**TOWN OF MARION  
MARION, LOUISIANA  
STATEMENTS OF NET ASSETS  
DECEMBER 31, 2010 AND 2009**

**EXHIBIT A**

	GOVERNMENTAL ACTIVITIES	BUSINESS - TYPE ACTIVITIES	TOTALS	
			2010	2009
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 298,183.05	\$ 245,911.39	\$ 544,094.44	\$ 487,394.62
Investments	12,797.98	162,848.18	175,646.16	161,062.72
Receivables Net	37,284.75	38,838.74	76,123.49	62,766.29
Due from Other Funds	5,326.09	(5,326.09)	.00	.00
Due from Other Governments	298.00	.00	298.00	19,309.04
Prepaid Items	7,722.45	2,337.85	10,060.30	10,818.89
Accrued Interest	.00	.00	.00	96.00
Restricted Cash and Cash Equivalents	9,960.10	59,906.54	69,866.64	19,561.46
Restricted Investments	.00	15,759.80	15,759.80	15,361.20
Restricted Receivables Due From Grant or Other Financing	.00	1,859.00	1,859.00	27,603.00
Capital Assets, Net	814,504.10	1,096,123.71	1,910,627.81	1,533,486.99
Total Assets	<u>\$ 1,186,076.52</u>	<u>\$ 1,618,259.12</u>	<u>\$ 2,804,335.64</u>	<u>\$ 2,337,460.21</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 8,600.25	\$ 3,035.12	\$ 11,635.37	\$ 26,885.79
Accrued Liabilities	5,128.18	3,401.65	8,529.83	9,113.68
Restricted Accounts Payable Grant of Other Financing	.00	9,728.48	9,728.48	27,602.99
Restricted Liabilities Accrued Interest Payable	1,445.29	1,670.13	3,115.42	1,463.67
Customer Deposits	.00	21,990.00	21,990.00	19,540.00
Restricted Liabilities Current Portion of Long-Term Obligation	1,263.17	150,000.00	151,263.17	1,213.13
Restricted Liabilities Non-Current Portion of Long-Term Obligations	94,175.09	.00	94,175.09	95,438.26
Total Liabilities	<u>\$ 110,611.98</u>	<u>\$ 189,825.38</u>	<u>\$ 300,437.36</u>	<u>\$ 181,257.52</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	\$ 717,620.55	\$ 934,725.10	\$ 1,652,345.65	\$ 1,435,371.93
Restricted	4,760.10	41,920.02	46,680.12	4,045.06
Unrestricted (Deficit)	353,083.89	451,788.62	804,872.51	716,785.70
Total Net Assets	<u>\$ 1,075,464.54</u>	<u>\$ 1,428,433.74</u>	<u>\$ 2,503,898.28</u>	<u>\$ 2,156,202.69</u>

The accompanying notes are an integral part of these statements.

TOWN OF MARION  
MARION, LOUISIANA  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

FUNCTIONS/PROGRAMS Governmental Activities	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL
General and Administrative	\$ 97,472.21	\$ 00	\$ 00	\$ 00	\$ (97,472.21)
Police Protection	155,457.59	9,345.80	13,811.18	(13,892.76)	(118,407.85)
Fire Protection	78,001.96	00	10,689.49	00	(67,312.47)
Public Works	39,296.16	5,560.00	00	00	(33,736.16)
Sanitation	17,759.75	39,463.00	1,719.92	00	23,423.17
Culture and Recreation	3,035.02	00	00	00	(3,035.02)
Interest on Long Term Debt	3,988.49	00	00	(3,988.49)	(3,988.49)
Total Governmental Activities	\$ 324,971.18	\$ 58,378.80	\$ 26,230.59	\$ 13,892.76	\$ (300,507.03)
Business Type Activities					
Water	\$ 256,943.12	\$ 122,256.71	\$ 00	\$ 00	\$ (131,686.41)
Sewer	81,716.10	29,893.73	00	298,001.00	246,178.63
Total Business Type Activities	\$ 338,659.22	\$ 152,150.44	\$ 00	\$ 298,001.00	\$ 114,492.24

FUNCTIONS/PROGRAMS Business Type Activities	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL
General Revenues	\$ 56,319.05	\$ 00	\$ 00	\$ 00	\$ 56,319.05
Taxes	42,434.59	00	00	00	42,434.59
Property Taxes Levied for General Purposes	224,338.40	1,191.79	00	00	225,530.19
Franchise Taxes	1,191.79	00	00	00	1,191.79
Sales Taxes	39,040.33	00	00	00	39,040.33
Alcoholic Beverage Tax	1,634.53	00	00	00	1,634.53
Licenses and Permits	1,932.16	00	00	00	1,932.16
Interest Income	1,606.00	00	00	00	1,606.00
Miscellaneous	5,466.09	00	00	00	5,466.09
Proceeds (Loss) from Sale of Assets	373,982.94	00	00	00	373,982.94
Donation of Capital Assets	00	00	00	00	00
Insurance Proceeds	00	00	00	00	00
Total General Revenues	\$ 533,710.28	\$ 00	\$ 00	\$ 00	\$ 533,710.28
Change in Net Assets	\$ 73,455.91	\$ 274,239.08	\$ 00	\$ 00	\$ 347,695.99
Net Assets- Beginning of the Year	\$ 1,002,008.63	\$ 1,154,194.06	\$ 00	\$ 00	\$ 2,156,202.69
Net Assets - End of the Year	\$ 1,075,464.54	\$ 1,428,433.74	\$ 00	\$ 00	\$ 2,503,898.28

The accompanying notes are an integral part of these statements.

TOWN OF MARION  
MARION, LOUISIANA  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2010 AND 2009

EXHIBIT C

	<u>TOTALS</u>	
	<u>2010</u>	<u>2009</u>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 298,183.05	\$ 256,803.62
Investments	12,797.98	12,318.25
Receivables Net		
Ad Valorem Taxes	7,447.75	2,638.91
Sales and Use Taxes	29,837.00	27,016.43
Due from Other Funds:		
Enterprise Fund	5,326.09	5,666.09
Due from Other Governments		
Louisiana Beer Tax Distribution	298.00	132.04
State of Louisiana Grant	.00	19,177.00
Prepaid Items	7,722.45	7,430.74
Restricted Assets:		
Cash and Cash Equivalents	9,960.10	4,045.06
<b><u>TOTAL ASSETS</u></b>	<b>\$ 371,572.42</b>	<b>\$ 335,228.14</b>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>		
Liabilities:		
Accounts Payable	\$ 8,600.25	\$ 22,014.45
Accrued Liabilities	5,128.18	5,665.21
Total Liabilities	<b>\$ 13,728.43</b>	<b>\$ 27,679.66</b>
 <b><u>FUND BALANCE:</u></b>		
Unreserved and Undesignated	\$ 353,083.89	\$ 303,503.42
Restricted	4,760.10	4,045.06
Total Fund Balance	<b>\$ 357,843.99</b>	<b>\$ 307,548.48</b>
 <b><u>TOTAL LIABILITIES AND FUND BALANCE</u></b>	<b>\$ 371,572.42</b>	<b>\$ 335,228.14</b>

The accompanying notes are an integral part of these statements.



TOWN OF MARION  
MARION, LOUISIANA

EXHIBIT C-1

RECONCILIATION OF THE BALANCE SHEETS TO THE STATEMENTS OF NET ASSETS  
GOVERNMENTAL FUNDS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>TOTALS</u>	
	<u>2010</u>	<u>2009</u>
<b><u>FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</u></b>	<b>\$ 357,843.99</b>	<b>\$ 307,548.48</b>
 Amounts reported for governmental activities in the statement of net assets are different because:		
 Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental Capital Assets	1,357,356.09	1,289,616.10
Less: Accumulated Depreciation	(542,851.99)	(497,040.89)
 Long-term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Bonds Payable - Fire Station Project	(95,438.26)	(96,651.39)
Accrued Interest Payable	(1,445.29)	(1,463.67)
<b><u>NET ASSETS OF GOVERNMENTAL ACTIVITIES</u></b>	<b><u>\$ 1,075,464.54</u></b>	<b><u>\$ 1,002,008.63</u></b>

The accompanying notes are an integral part of this statement.

**TOWN OF MARION**  
**MARION, LOUISIANA**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

**EXHIBIT D**

	2010	2009
<b>REVENUES</b>		
Property Taxes	\$ 56,319.05	\$ 33,922.63
Franchise Taxes	42,434.59	35,822.14
Sales Taxes	224,338.40	385,958.16
Licenses and Permits	39,040.33	35,175.30
Intergovernmental	1,191.79	616.75
Sanitation Fees	39,465.00	39,240.00
Fines	9,345.80	14,936.00
Interest Income	1,634.53	985.19
Miscellaneous	1,932.16	7,391.28
Fire Department- Insurance Rebate	10,689.49	10,688.68
Police Supplemental Pay	12,000.28	10,967.53
Landfill Rebate	1,719.92	1,719.92
Grants	13,892.76	19,177.00
DOTD - Street Reimbursement	5,560.00	5,560.00
UPSO - Donation of Police Dept. Cameras	1,810.90	.00
Insurance Proceeds	5,466.09	.00
Total Revenues	\$ 466,841.09	\$ 602,160.58
<b>EXPENDITURES</b>		
General and Administrative	\$ 87,024.91	\$ 100,052.27
Police Protection	147,128.12	142,366.55
Fire Protection	26,426.21	34,452.86
Public Works	35,802.37	32,117.32
Sanitation Department	17,759.75	22,051.66
Culture and Recreation	3,035.02	3,001.07
Debt Service:		
Principal	1,213.13	1,165.07
Interest	3,986.87	4,034.93
Capital Outlays	95,775.20	33,424.14
Total Expenditures	\$ 418,151.58	\$ 372,665.87
Excess of Revenues Over Expenditures	\$ 48,689.51	\$ 229,494.71
<b>OTHER FINANCING SOURCES (USED)</b>		
Operating Transfers From (To) Capital		
Projects Fund	\$ .00	\$ .00
Proceeds from Sale of Assets	1,606.00	.00
Total Other Financing Sources (Uses)	\$ 1,606.00	\$ .00
Net Change in Fund Balance	\$ 50,295.51	\$ 229,494.71
Fund Balance, Beginning of Year	307,548.48	78,053.77
Fund Balance, End of Year	\$ 357,843.99	\$ 307,548.48

The accompanying notes are an integral part of these statements.

**TOWN OF MARION**  
**MARION, LOUISIANA**  
RECONCILIATION OF THE STATEMENTS OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

**EXHIBIT D-1**

	<u>2010</u>	<u>2009</u>
<b><u>Net Change in Fund Balances - Total Governmental Funds</u></b>	<b>\$ 50,295.51</b>	<b>\$ 229,494.71</b>
 Amounts reported for governmental activities in the statement of activities are different because:		
 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.		
Expenditures for Capital Assets	95,775.20	33,424.14
Less Current Year Depreciation	(73,846.31)	(68,780.78)
 Sales of capital assets are reported as revenues in total in governmental funds. The statement of activities reports these transactions as income or losses net of the remaining book value.		
	.00	.00
 Retirement of capital assets are not reported on governmental funds. The statement of activities report these transactions as losses net of the remaining book value.		
	.00	.00
 Repayment of capital lease principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Principal Payments	.00	.00
 The repayment of principal on long-term debt consumes current financial resources of governmental funds which has no effect on net assets		
	1,213.13	1,154.27
 The proceeds from the execution of a loan provide current financial resources and are reported in this fund financial statement, but they are presented as liabilities in the statement of net assets.		
	.00	.00
 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.		
	<u>18.38</u>	<u>49.28</u>
<b><u>Change in Net Assets of Governmental Activities</u></b>	<b><u>\$ 73,455.91</u></b>	<b><u>\$ 195,341.62</u></b>

The accompanying notes are an integral part of these statements.

TOWN OF MARION  
MARION, LOUISIANA  
**STATEMENTS OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2010 AND 2009**

EXHIBIT E

<u>ASSETS</u>	<u>WATER</u>	<u>SEWER</u>	<u>TOTALS</u>	
			<u>2010</u>	<u>2009</u>
<u>Current Assets</u>				
Cash and Cash Equivalents	\$ 127,846.75	\$ 118,064.64	\$ 245,911.39	\$ 230,591.00
Accounts Receivable, Net	28,893.07	9,945.67	38,838.74	33,110.95
Investments	162,848.18	.00	162,848.18	148,744.47
Prepaid Items	1,044.63	1,293.22	2,337.85	3,388.15
Accrued Interest Receivable	.00	.00	.00	96.00
Total Current Assets	<u>\$ 320,632.63</u>	<u>\$ 129,303.53</u>	<u>\$ 449,936.16</u>	<u>\$ 415,930.57</u>
<u>Non-Current Assets</u>				
<u>Restricted Assets:</u>				
Due From State of Louisiana				
Sewer Project	\$ .00	\$ 1,859.00	\$ 1,859.00	\$ 27,603.00
Water Fund - Meter Deposits	17,986.52	.00	17,986.52	15,516.40
Water Well Project Checking	41,920.02	.00	41,920.02	.00
Restricted Investments	15,759.80	.00	15,759.80	15,361.20
Total Restricted Assets	<u>\$ 75,666.34</u>	<u>\$ 1,859.00</u>	<u>\$ 77,525.34</u>	<u>\$ 58,480.60</u>
<u>Capital Assets</u>				
Property, Plant, and Equipment, at Cost	\$ 1,156,650.34	\$ 1,007,206.28	\$ 2,163,856.62	\$ 1,830,737.28
Less: Accumulated Depreciation	(994,528.18)	(224,031.32)	(1,218,559.50)	(1,153,460.49)
Land	18,400.00	13,607.00	32,007.00	25,507.00
Construction in Progress	118,819.59	.00	118,819.59	38,127.99
Total Capital Assets	<u>\$ 299,341.75</u>	<u>\$ 796,781.96</u>	<u>\$ 1,096,123.71</u>	<u>\$ 740,911.78</u>
Total Non-Current Assets	<u>\$ 375,008.09</u>	<u>\$ 798,640.96</u>	<u>\$ 1,173,649.05</u>	<u>\$ 799,392.38</u>
<u>Total Assets</u>	<u>\$ 695,640.72</u>	<u>\$ 927,944.49</u>	<u>\$ 1,623,585.21</u>	<u>\$ 1,215,322.95</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>Liabilities:</u>				
<u>Current Liabilities (Payable from Current Assets)</u>				
Accounts Payable	\$ 1,564.82	\$ 1,470.30	\$ 3,035.12	\$ 4,871.34
Accrued Liabilities	3,401.65	.00	3,401.65	3,448.47
Due To/From Other Funds	(268.42)	5,594.51	5,326.09	5,666.09
Total Current Liabilities (Payable from Current Assets)	<u>\$ 4,698.05</u>	<u>\$ 7,064.81</u>	<u>\$ 11,762.86</u>	<u>\$ 13,985.90</u>
<u>Current Liabilities (Payable from Restricted Assets)</u>				
Accounts Payable	\$ 7,869.48	\$ 1,859.00	\$ 9,728.48	\$ 27,602.99
Customers' Deposits	21,990.00	.00	21,990.00	19,540.00
Accrued Interest	1,670.13	.00	1,670.13	.00
Note Payable Interim Financing				
Water Well	150,000.00	.00	150,000.00	.00
Total Current Liabilities (Payable from Restricted Assets)	<u>\$ 181,529.61</u>	<u>\$ 1,859.00</u>	<u>\$ 183,388.61</u>	<u>\$ 47,142.99</u>
Total Liabilities	<u>\$ 186,227.66</u>	<u>\$ 8,923.81</u>	<u>\$ 195,151.47</u>	<u>\$ 61,128.89</u>

**TOWN OF MARION  
MARION, LOUISIANA  
STATEMENTS OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2010 AND 2009**

**EXHIBIT E  
CONTINUED**

	<u>WATER</u>	<u>SEWER</u>	<u>TOTALS</u>	
			<u>2010</u>	<u>2009</u>
<u>Net Assets:</u>				
Invested in Capital Assets Net of Related Debt	\$ 139,802.14	\$ 794,922.96	\$ 934,725.10	\$ 740,911.78
Restricted	41,920.02	.00	41,920.02	.00
Unrestricted	<u>327,690.90</u>	<u>124,097.72</u>	<u>451,788.62</u>	<u>413,282.28</u>
Total Net Assets	<u>\$ 509,413.06</u>	<u>\$ 919,020.68</u>	<u>\$ 1,428,433.74</u>	<u>\$ 1,154,194.06</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 695,640.72</u>	<u>\$ 927,944.49</u>	<u>\$ 1,623,585.21</u>	<u>\$ 1,215,322.95</u>

The accompanying notes are an integral part of these statements.

**TOWN OF MARION  
MARION, LOUISIANA  
STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

**EXHIBIT F**

	BUSINESS - TYPE ACTIVITIES		TOTAL	
	ENTERPRISE FUND		2010	2009
	WATER	SEWER		
<b>Operating Revenues:</b>				
Charges for Services	\$ 125,256.71	\$ 29,893.75	\$ 155,150.46	\$ 131,790.34
Sales Tax	74,690.93	74,690.93	149,381.86	257,305.45
<b>Total Operating Revenues</b>	<b>\$ 199,947.64</b>	<b>\$ 104,584.68</b>	<b>\$ 304,532.32</b>	<b>\$ 389,095.79</b>
<b>Operating Expenses:</b>				
Salaries and Employee Benefits	\$ 116,981.42	\$ 8,854.18	\$ 125,835.60	\$ 112,215.28
Office Supplies	6,943.47	2,041.71	8,985.18	4,739.32
Professional Fees	3,625.00	3,625.00	7,250.00	5,500.00
Repairs and Maintenance	72,363.76	10,299.46	82,663.22	32,939.88
Sales Taxes	.00	.00	.00	291.41
Vehicle Expense	5,156.68	2,914.39	8,071.07	6,562.14
Utilities and Telephone	9,319.71	10,078.12	19,397.83	20,453.16
Depreciation and Amortization	43,910.58	23,688.43	67,599.01	68,523.50
EPA Testing	.00	2,585.00	2,585.00	3,634.00
Insurance	6,890.39	5,629.81	12,520.20	10,470.38
Bad Debts	3,635.11	.00	3,635.11	2,163.89
Miscellaneous	117.00	.00	117.00	610.00
Administration Charge - Sewer	(12,000.00)	12,000.00	.00	.00
<b>Total Operating Expenses</b>	<b>\$ 256,943.12</b>	<b>\$ 81,716.10</b>	<b>\$ 338,659.22</b>	<b>\$ 268,102.96</b>
<b>Net Operating Income (Loss)</b>	<b>\$ (56,995.48)</b>	<b>\$ 22,868.58</b>	<b>\$ (34,126.90)</b>	<b>\$ 120,992.83</b>
<b>Non-Operating Revenues (Expenses):</b>				
Investment Interest	\$ 3,149.81	\$ 315.77	\$ 3,465.58	\$ 3,199.77
Grant Income DOTD	.00	37,180.00	37,180.00	.00
Grant Income State of Louisiana ARRA	.00	260,821.00	260,821.00	27,603.00
Donation of Land	6,500.00	.00	6,500.00	.00
Disposal of Assets	400.00	.00	400.00	.00
<b>Total Non-Operating Revenues (Expenses)</b>	<b>\$ 10,049.81</b>	<b>\$ 298,316.77</b>	<b>\$ 308,366.58</b>	<b>\$ 30,802.77</b>
<b>Net Income (Loss) Before Contributions and Transfers</b>	<b>\$ (46,945.67)</b>	<b>\$ 321,185.35</b>	<b>\$ 274,239.68</b>	<b>\$ 151,795.60</b>
<b>Capital Contributions</b>	<b>.00</b>	<b>.00</b>	<b>.00</b>	<b>.00</b>
<b>Change in Net Assets</b>	<b>\$ (46,945.67)</b>	<b>\$ 321,185.35</b>	<b>\$ 274,239.68</b>	<b>\$ 151,795.60</b>
<b>Net Assets - Beginning of the Year</b>	<b>556,358.73</b>	<b>597,835.33</b>	<b>1,154,194.06</b>	<b>1,002,398.46</b>
<b>Net Assets - End of the Year</b>	<b>\$ 509,413.06</b>	<b>\$ 919,020.68</b>	<b>\$ 1,428,433.74</b>	<b>\$ 1,154,194.06</b>

The accompanying notes are an integral part of this statement.

**TOWN OF MARION  
MARION, LOUISIANA  
STATEMENTS OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

**EXHIBIT G**

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</b>	
	<u>2010</u>	<u>2009</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Receipts from Customers	\$ 147,667.95	\$ 129,193.26
Payments to Suppliers	(142,871.74)	(88,120.36)
Payments to Employees	(125,386.10)	(112,639.35)
Other Receipts (Payments)	<u>147,501.47</u>	<u>250,580.84</u>
Net Cash Provided by Operating Activities	<u>\$ 26,911.58</u>	<u>\$ 179,014.39</u>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>		
Transfers from General Fund	\$ (340.00)	\$ 2,575.54
Net Cash Flows from Noncapital Financing Activities	<u>\$ (340.00)</u>	<u>\$ 2,575.54</u>
<b><u>Cash Flows from Capital and Related Financing Activities:</u></b>		
Proceeds from Grants	\$ 323,745.00	\$ .00
Proceeds from Short-Term Financing	150,000.00	.00
Proceeds from Sales of Assets	400.00	.00
Purchase of Capital Assets	(353,493.85)	.00
Payments for Construction in Process - Water Well Projects	(79,021.47)	(400.00)
Payment to Investments	(14,502.31)	(26,634.43)
Customer Deposits (Increase) Decrease	<u>2,450.00</u>	<u>826.02</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>\$ 29,577.37</u>	<u>\$ (26,208.41)</u>
<b><u>Cash Flows from Investing Activities:</u></b>		
Interest Earned	\$ 3,561.58	\$ 3,199.77
Net Cash Provided (Used) by Investing Activities	<u>\$ 3,561.58</u>	<u>\$ 3,199.77</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 59,710.53</u>	<u>\$ 158,581.29</u>
Cash and Cash Equivalents at December 31, 2009	<u>\$ 246,107.40</u>	<u>\$ 87,526.11</u>
Cash and Cash Equivalents at December 31, 2010	<u>\$ 305,817.93</u>	<u>\$ 246,107.40</u>
<b><u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets</u></b>		
Cash	\$ 245,911.39	\$ 230,591.00
Restricted Assets - Meter Deposits	17,986.52	15,516.40
Construction Checking	<u>41,920.02</u>	<u>.00</u>
Net Cash and Cash Equivalents	<u>\$ 305,817.93</u>	<u>\$ 246,107.40</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u></b>		
Operating Income (Loss)	\$ (34,126.90)	\$ 120,992.83
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	67,599.01	68,523.50
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable (Net)	(5,727.79)	(7,157.80)
(Increase) Decrease in Prepaid Items	1,050.30	543.85
Increase (Decrease) in Accounts Payable	(1,836.22)	(3,437.60)
Increase (Decrease) in Accrued Liabilities	<u>(46.82)</u>	<u>(450.39)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 26,911.58</u>	<u>\$ 179,014.39</u>

The accompanying notes are an integral part of this statement.

TOWN OF MARION  
MARION, LOUISIANA  
INDEX TO NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010

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TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

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 806 persons. It is currently serving water and sewer customers and employs 7 full and part-time persons as well as a Chief of Police. The position 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.

Government-Wide Accounting - In accordance with Government Accounting Standards Board Statement No. 34, the Town has presented a Statement of Net Assets and Statement of Activities for the Town as a whole. These statements include the primary government and its component units, 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. 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:

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Eliminating Internal Activity - Interfund receivables and payables are eliminated in the Statement of Net Assets 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.

Capitalized Assets - Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. 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 Assets. 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.

Restricted Net Assets - Restricted net assets are those for which a constraint has been imposed either externally or by law. The Town recognizes the use of restricted resources for expenditures that comply with the specific restrictions. Restricted resources are exhausted before unrestricted net assets are used.

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:

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

**NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED**

**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.

**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 include:

1. 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.

**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 and liabilities associated with the operation of governmental-type and business-type activities are included in the Statement of Net Assets. Revenues are recognized when earned, and 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 and current liabilities 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. 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.

**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.

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

**NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED**

**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.

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Restricted Assets** - Certain proceeds of enterprise funds are classified as restricted assets on the balance sheet because their use is limited. Components of these assets are as follows:

**CUSTOMER DEPOSITS**

Cash Checking	\$ 17,986.52
Certificate of Deposits	<u>15,759.80</u>
Total	<u>\$ 33,746.32</u>

**WATER WELL PROJECT**

Cash Checking	<u>\$ 41,920.02</u>
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**SEWER PROJECT HWY 33**

Receivable Retainages from DOTD Sewer Project Hwy 33	<u>\$ 1,859.00</u>
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The general fund includes savings that are restricted by an agreement with the US Department of Agriculture. (See note #7 for further information.)

**BOND FUND RESERVES**

Bond Sinking Fund	\$ 7,006.11
Bond Reserve Fund	790.79
Bond Depreciation Fund	1,081.60
Bond Contingency Fund	<u>1,081.60</u>
Total	<u>\$ 9,960.10</u>

**Inventories** - Minimum amounts of inventory are not maintained or counted. Most supplies are ordered when needed.

**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		

**TOWN OF MARION**  
**MARION, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

**NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED**

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. Forty hours are vested after six months of employment. After five years, each full time employee receives one hundred twenty hours of vacation; after ten years, one hundred sixty hours is received. Vacation time is not carried forward from year to year. Each employee receives the entitled hours on January 1 of each year and any unused hours are lost on December 31. 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 400 hours for each employee. Any vacation time is paid at the termination of employment, while sick time is not guaranteed. Since unpaid vacation time is lost after December 31 and sick time is not paid at termination of employment, no accruals have been recorded. 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 the liability on the Statement of Net Assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

At December 31, 2010, there are no long term leases.

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. At year end, the Town owes \$95,438.26 not including interest.

In August 2010, the Town received \$120,000 interim financing from Community Research and a \$30,000 loan from La. Public Financing Loan. The proceeds were used to finance costs of the water well test as part of the proposed Water Well System Improvement. The 4% interest rate loan from Community Research and the interest free La. Public Financing loan will be paid by funds from USDA in June 2011.

**Net Assets Fund Balances** - In the Statement of Net Assets, the difference between a government's assets and liabilities is recorded as net assets. The three components on net assets are as follows:

**Invested in Capital Assets, Net of Related Debt** - This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

**Restricted Net Assets** - Net assets that are restricted by external sources such as banks or by law are reported separately as restricted net assets. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets.

**TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

**NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED**

**BUSINESS-TYPE ACTIVITIES**

Water Well Project	
Checking	\$ 41,920.02

**GOVERNMENTAL ACTIVITIES**

Sinking Fund	
Reserve Fund	1,806.11
Total Restricted Net Assets	<u>2,953.99</u>
	<u>\$ 46,680.12</u>

**Unrestricted Net Assets** - This category represents net assets not appropriate for expenditures or legally segregated for a specific future use.

In the Balance Sheet of governmental funds, fund balances are segregated as follows:

Reserved - These resources are segregated because their use is earmarked for a specific use.

Unreserved - This category represents that portion of equity not appropriate for expenditures or legally segregated for a specific future use.

**Interfund Transactions** - All interfund transactions, except quasi-external transactions, are reported as operating transfers. These are eliminated in the government-wide statements.

**Sales Taxes** - Sales Taxes are levied by the Union Parish School Board 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 9%. Effective January 1, 2011, the sales tax collections for Union Parish are contracted to the Lincoln Parish Sales and Use Tax Commission.

**The Top Sales Tax Contributors**

CenturyTel	
IBM	\$ 165,788.26
Mainline Information	59,960.66
SAP	34,931.25
Computer Assn.	23,395.46
Embarq	14,825.22
Food Mart	10,883.60
La. Dept. of Public Safety	9,132.16
Bookers	8,769.17
Catapillar	7,884.49
Total	<u>5,786.80</u>
	<u>\$ 341,357.07</u>

The Total collected sales taxes in 2010	<u>\$ 367,129.02</u>
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The list above represents 93% of the sales tax collections by the Town.

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

NOTE # 2 - CASH AND INVESTMENTS

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, 2010, the Town has cash and investments totaling \$691,938.50, as follows:

	<u>2010</u>
Cash in Checking or On Hand	\$ 548,867.10
Certificates of Deposits	175,656.16
Restricted Assets (Cash)	72,292.47
Restricted Assets (Investments)	<u>15,759.80</u>
Total	<u>\$ 812,575.53</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 \$900,000. Cash, cash equivalents and investments (bank balances), at December 31, 2010, are secured as follows:

Bank Balances	<u>\$ 812,575.53</u>
Federal Deposit Insurance	\$ 250,000.00
Pledge Securities	<u>900,000.00</u>
Total	<u>\$ 1,150,000.00</u>

Investments - The government's investments are categorized as either (1) insured or registered or for which the securities are held by the government or his agent in the government's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the government's name or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent but not in the government's name.

	<u>CATEGORIES</u>			<u>CARRYING AMOUNT</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Government Security	\$ .00	\$ .00	\$ .00	\$ .00
Certificates of Deposit	<u>191,415.96</u>	<u>.00</u>	<u>.00</u>	<u>191,415.96</u>
Total Investments	<u>\$ 191,415.96</u>	<u>\$ .00</u>	<u>\$ .00</u>	<u>\$ 191,415.96</u>

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. All 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, the amount of accrued interest is less than \$100 and was not accrued.

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

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, 2010, taxes of 6.25 mills were levied on 596 properties with assessed valuations totaling \$9,024,660 and were dedicated as follows:

General Fund          6.25 Mills

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

<u>YEAR</u>	<u>TAXES LEVIED</u>	<u>ASSESSED VALUE</u>
2010	\$ 56,404.98	\$ 9,024,660.00
2009	33,171.19	5,307,250.00
2008	34,158.77	5,465,260.00

NOTE # 4 - RECEIVABLES

A summary of receivables as of December 31, 2010, follows:

<u>General Fund</u>	<u>2010</u>	<u>2009</u>
Property Taxes	\$ 7,447.75	\$ 2,638.91
Beer Taxes	298.00	132.04
Sales Taxes	29,837.00	27,016.43
Other - State Grant for Police Car	.00	19,177.00
Total General Fund	<u>\$ 37,582.75</u>	<u>\$ 48,964.38</u>
<u>Enterprise Fund Water/Sewerage</u>		
Trade Accounts	\$ 24,629.95	\$ 17,263.89
NSF Checks	116.45	.00
Allowance for Doubtful Accounts	(5,799.00)	(2,163.89)
Total Trade Accounts	\$ 18,947.40	\$ 15,100.00
Sales Taxes	19,891.34	18,010.95
Accounts Receivable - DOTD	1,859.00	27,603.00
Total Enterprise Fund Water/Sewerage	<u>\$ 40,697.74</u>	<u>\$ 60,713.95</u>
Total All Funds	<u>\$ 78,280.49</u>	<u>\$ 109,678.33</u>

Aged Accounts Receivable Water Customers:

<u>TOTAL</u>	<u>CURRENT</u>	<u>DAYS 30 - 60</u>	<u>DAYS 60 - 90</u>	<u>DAYS OVER 90</u>
\$ 24,629.95	\$ 18,168.51	\$ 4,443.87	\$ 1,190.25	\$ 827.32



TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

**NOTE # 5 - WATER & SEWER STATISTICS**

**MONTHLY RATES FOR SERVICES**

Water Rates are:

0 - 2,000 Gallons	\$ 24.00
Over 2,000 Gallons	\$ 4/1,000 Gallons

Sewer Rates are :

Regular and Industry	\$ 5.00
0 - 2,000 Gallons of Water Used	\$ 1/1,000 Gallons with maximum of
All Customers Over 2,000 Gallons	8,000 Gallons for a maximum sewer charge of \$13.00

Garbage Rates are:

Regular Customers	\$ 7.50 a month
Industry Customers	\$ 40.00, \$140.00, \$300.00 a month

These rates went into effect September 1, 2010.

Late charges are charged at 5% of the total monthly bill. Reconnection charges are \$25 per incident and tapping fees are \$250 per water connection and \$100 for sewer taps. However some tapping fees are based on the cost of the work performed and the charge therefore will vary from one installation to another. Utility deposits are \$100 per meter for residential and \$150 for all others.

**ESTIMATED USAGE**

The estimated gallons of water billed during 2010 are 22,670,153 gallons for 356 customers. The population of Marion is 806. The gallons of water sold increased in 2010 from 2009 by 72,624 gallons. The Town's 2010 average monthly gallons of water sold is 1,889,179 compared to 2009's average of 1,883,127.

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Water Sales per gallon	0.005232176	0.004056992	0.003853277
Sewer Sales per gallon	0.001304524	0.001295726	0.001253753
Average Trash Sales per month	\$ 3,288.75	\$ 3,270.00	\$ 3,108.75
Average Collections per month	15,497.07	13,840.91	13,735.85
Average Balance AR	21,343.91	17,915.20	18,274.93
Average billing per month	15,733.48	13,996.72	13,148.69

**NOTE # 6 - ALLOWANCE FOR DOUBTFUL ACCOUNTS**

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

**TOWN OF MARION**  
**MARION, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

**NOTE # 7 - RESTRICTED ASSETS**

**WATER/SEWER**

These assets consist of cash and investments.

	2010
Customers' Deposits on Meters, Cash and Investments	\$ 33,746.32
Water Well Project Checking	41,920.02
Sewer Fund Due from DOTD La. Hwy. 33 Project	1,859.00
Total	\$ 77,525.34

**GENERAL FUND**

	2010
Fire Bond Sinking Fund	\$ 7,006.11
Fire Bond Reserve Fund	790.79
Fire Bond Depreciation Fund	1,081.60
Fire Bond Contingency Fund	1,081.60
Total	\$ 9,960.10

**NOTE # 8 - CAPITAL ASSETS**

Capital Asset activity for the year ended December 31, 2010 is as follows:

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ENDING BALANCE
<b><u>GOVERNMENTAL ACTIVITIES</u></b>				
Land	\$ 16,725.00	\$ .00	\$ .00	\$ 16,725.00
Construction in Process	.00	600.00	.00	600.00
Buildings	498,623.76	.00	.00	498,623.76
Improvements Other Than Buildings	102,564.00	.00	.00	102,564.00
Machinery and Equipment	651,453.34	22,279.20	28,035.21	645,697.33
Infrastructure	20,250.00	72,896.00	.00	93,146.00
Totals at Historical Cost	\$ 1,289,616.10	\$ 95,775.20	\$ 28,035.21	\$ 1,357,356.09
Less: Accumulated Depreciation for:				
Buildings	\$ (60,598.21)	\$ (16,319.96)	\$ .00	\$ (76,918.17)
Improvements	(75,213.49)	(6,837.59)	.00	(82,051.08)
Machinery and Equipment	(357,432.31)	(49,255.55)	28,035.21	(378,652.65)
Infrastructure	(3,796.88)	(1,433.21)	.00	(5,230.09)
Total Accumulated Depreciation	\$ (497,040.89)	\$ (73,846.31)	\$ .00	\$ (542,851.99)
<b><u>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS NET</u></b>	\$ 792,575.21	\$ 21,928.99	\$ .00	\$ 814,504.10
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>				
Land	\$ 25,507.00	\$ 6,500.00	\$ .00	\$ 32,007.00
Construction in Process	38,127.99	108,294.59	(27,602.99)	118,819.59
Buildings	15,000.00	.00	.00	15,000.00
Water System	1,028,731.68	.00	.00	1,028,731.68
Sewer System	667,971.86	331,103.99	.00	999,075.85
Machinery and Equipment	119,033.74	4,515.35	(2,500.00)	121,049.09
Totals at Historical Cost	\$ 1,894,372.27	\$ 450,413.93	\$ (30,102.99)	\$ 2,314,683.21

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

NOTE # 8 - CAPITAL ASSETS CONTINUED

<u>BUSINESS-TYPE ACTIVITIES</u>	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>ENDING BALANCE</u>
Less: Accumulated Depreciation for:				
Buildings	\$ (4,423.13)	\$ (384.62)	\$ .00	\$ (4,807.75)
Water System	(852,907.03)	(37,137.68)	.00	(890,044.71)
Sewer System	(196,727.81)	(21,930.90)	.00	(218,658.71)
Machinery and Equipment	(99,402.52)	(8,145.81)	2,500.00	(105,048.33)
Total Accumulated Depreciation	<u>\$ (1,153,460.49)</u>	<u>\$ (67,599.01)</u>	<u>\$ 2,500.00</u>	<u>\$ (1,218,559.50)</u>
<u>BUSINESS-TYPE ACTIVITIES</u>				
<u>CAPITAL ASSETS NET</u>	<u>\$ 740,911.78</u>	<u>\$ 382,814.92</u>	<u>\$ (27,602.99)</u>	<u>\$ 1,096,123.71</u>

The Town has two construction projects at year end:

General Fund - Park	\$ 600.00
Water Well Project - USDA	118,819.59
Total	<u>\$ 119,419.59</u>

NOTE # 9 - 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 \$11,500 for each employee for the year 2010. For those employees age 50 or over, an additional \$2,500 can be contributed for the year 2010.

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 \$6,067 for 2010.

NOTE # 10 - ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at December 31, 2010:

<u>Class of Payable</u>	<u>GOVERNMENTAL FUND</u>	<u>PROPRIETARY FUNDS</u>	<u>TOTAL</u>
Accounts	\$ 8,600.25	\$ 3,035.12	\$ 11,635.37
Withholding and Payroll Accruals	5,128.18	3,401.65	8,529.83
Due to General Fund	.00	5,326.09	5,326.09
<u>Restricted Payable</u>			
Accounts Payable from Grant Funds			
Sewer Hwy. 33 Project	.00	1,859.00	1,859.00
Water Well Project	.00	7,869.48	7,869.48
Total Current Payables	<u>\$ 13,728.43</u>	<u>\$ 21,491.34</u>	<u>\$ 35,219.77</u>

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

NOTE # 10 - ACCOUNTS AND OTHER PAYABLES CONTINUED

	<u>GOVERNMENTAL</u> <u>FUND</u>	<u>PROPRIETARY</u> <u>FUNDS</u>	<u>TOTAL</u>
<u>Current Portion of Long-Term Debt</u>			
Community Reach 4% Interim Financing			
Water Well Project	\$ .00	\$ 120,000.00	\$ 120,000.00
Louisiana Public Financing Interest Free	.00	30,000.00	30,000.00
Fire Department Improvement Bonds Series 2005	1,263.17	.00	1,263.17
Accrued Interest Payable	<u>1,445.29</u>	<u>1,670.13</u>	<u>3,115.42</u>
Total Current Portion of Long-Term Debt	<u>\$ 2,708.46</u>	<u>\$ 151,670.13</u>	<u>\$ 153,115.42</u>
Total Current Liabilities from Non-Restricted and Restricted Sources	<u>\$ 16,436.89</u>	<u>\$ 173,161.47</u>	<u>\$ 188,335.19</u>

NOTE # 11 - NOTES AND CAPITAL LEASES

Notes payable and capital leases at December 31, 2010 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. 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 2010 equaled \$3,986.87. The bond balance owed at year end is \$95,438.26. A schedule of annual payments are listed below:

<u>YEAR</u>	<u>INTEREST</u>	<u>PRINCIPLE</u>	<u>TOTAL</u>
2011	\$ 3,936.83	\$ 1,263.17	\$ 5,200.00
2012	3,884.72	1,315.28	5,200.00
2013	3,830.47	1,369.53	5,200.00
2014	3,773.97	1,426.03	5,200.00
2015	3,715.15	1,484.85	5,200.00
2016-2020	17,604.88	8,395.12	26,000.00
2021-2025	15,724.52	10,275.48	26,000.00
2026-2030	13,423.00	12,577.00	26,000.00
2031-2035	10,605.98	15,394.02	26,000.00
2036-2040	7,157.99	18,842.01	26,000.00
2041-2045	<u>2,937.72</u>	<u>23,095.77</u>	<u>26,033.49</u>
<u>TOTAL</u>	<u>\$ 86,595.23</u>	<u>\$ 95,438.26</u>	<u>\$ 182,033.49</u>

According to the Bond agreement, the Town must set up two funds.

Reserve Fund:

The Town must make monthly deposits of \$35 a month to a reserve fund commencing with the month following the completion of and acceptance of the improvements financed with the proceeds of the Bonds. A sum of \$44 per month must be deposited into the Reserve Fund until \$5,200 has been accumulated therein. The Town set up three reserve funds with a carrying balance totaling \$2,953.99.

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

NOTE # 11 - NOTES AND CAPITAL LEASES CONTINUED

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. The USDA drafts the yearly payment from the general fund checking account. The bond sinking fund account should have reimbursed this checking account for the payment, however, this amount is still included in the balance of the sinking fund at year end.

As of the year end, this sinking fund has a \$7,006.11 balance.

Water Well Test Hold Project - Community Reach Interim Financing

The Town received interim financing from Community Reach of \$120,000. This is a short term loan that will be paid in June 2011 by USDA financing. The interest rate on this loan is 4%. The money was used to finance part of the cost to drill test wells for the Water Well and Line Improvement Project of \$118,819.59.

The Town also received an interest free loan from Louisiana Public Financing for \$30,000. The loan is also a part of the Water Well Test Hold Project. This loan is to be paid in June by USDA Funds.

The projected interest due in June 2011 is \$4,800.

NOTE # 12 - DEFICIT FUND EQUITY

As of December 31, 2010 no Town funds had deficit fund equities.

NOTE # 13 - INTERFUND BALANCES AND TRANSFERS

The Water Department collects and bills garbage fees. Garbage revenue is revenue of the General Fund, while the sewer revenue is revenue of that fund. At December 31, 2010 the Water Department owed the General Fund \$3,292.50 in garbage fees. The Water Fund owes the General Fund a net of \$2,033.59 for payroll taxes and other expenses. The net interfund balance is \$5,326.09.

The Sewer Fund owes the Water Fund \$5,594.51 for sewer fees and other miscellaneous cost. Since the Sewer and Water Funds make up the Proprietary Funds, these receivables and payables are offset and are not reflected on the statement of net assets.

There were no transfers between Town funds except these two transactions above.

Receivables and Payables

Interfund receivables and payables consisted of the following at December 31, 2010.

Due to General Fund from the Enterprise Fund Representing Garbage Revenue	\$ 3,292.50
Due to General Fund from the Enterprise Fund Representing Miscellaneous Fees	<u>2,033.59</u>
Total	<u>\$ 5,326.09</u>

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

Due from Other funds, Balance Sheet (Net) - Governmental Funds	\$ 5,326.09
Due to Other Funds, Statement of Net Assets - Proprietary Funds	<u>(5,326.09)</u>
Total	<u>\$ .00</u>

**TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

**NOTE # 14 - PROPRIETARY FUND SEGMENT INFORMATION**

The Town maintains one Enterprise Fund which provides water and sewer services. Segment information for the year ended December 31, 2010, is as follows:

Current Assets	\$ 449,936.16
Restricted Assets	77,525.34
Capital Assets, Net	<u>1,096,123.71</u>
Total Assets	<u>\$ 1,623,585.21</u>
Current Liabilities	\$ 11,762.86
Current Liabilities from Restricted Assets	<u>183,388.61</u>
Total Liabilities	<u>\$ 195,151.47</u>
Invested in Capital Assets, Net	\$ 934,725.10
Restricted	41,920.02
Unrestricted	<u>451,788.62</u>
Total Net Assets	<u>\$ 1,428,433.74</u>
Operating Revenues:	
Water Sales and Service	\$ 155,150.46
Sales Taxes	<u>149,381.86</u>
Total Operating Revenues	\$ 304,532.32
Operating Expenses	338,659.22
Non-Operating Revenue	<u>308,366.58</u>
Change in Net Assets	<u>\$ 274,239.68</u>

**NOTE # 15 - STATEMENT OF CASH FLOWS FOR 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:

	<u>WATER AND SEWER</u>
Unrestricted	\$ 245,911.39
Restricted	<u>59,906.54</u>
Total	<u>\$ 305,817.93</u>

**NOTE # 16 - CONTINGENCIES**

**Gail Durbin**

In prior years the former Town Clerk, Gail Durbin, stole property from the Town of Marion. She was ordered by the court to pay the Town back. She paid the Town 11 payments in 2010 totaling \$1,100.00. The balance owed to the Town at the end of the year is \$50,200. This debt will take 46 years to collect.

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

NOTE # 16 - CONTINGENCIES CONTINUED

Marion Volunteer Fire Department

The Marion Volunteer Fire Department covers the Marion Fire District of Union Parish, with the majority of the fire district being 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 sanitation, music and security charges. The Town's 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.

NOTE # 17 - RELATED PARTY TRANSACTION

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

NOTE # 18 - 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 # 19 - MISCELLANEOUS

The Town entered into a co-operative endeavor agreement with the Union Parish Police Jury to act as their certified building official.

NOTE # 20 - GRANTS AND OTHER FINANCING

Police Car - Byrens Memorial Grant

The Town applied for and received a grant from the Byrens Memorial Grant in the amount of \$20,703. This is a federal program that is paid out of the La. Commission of Law Enforcement commonly known as a Jag Grant. Of that amount the Town received \$19,177 in 2010. The grant was for the reimbursement of a police car that was purchased in 2009. As of the date of this report an additional \$1,526 is due to the Town from the grant. This amount was not set up as a receivable because the grant administration has held up the payment for more than a year.

Fire Department Equipment- Louisiana Department of the Treasury Cooperative Endeavor Agreement

On April 1, 2010 the Town received a grant for the purchase of Fire Department equipment. The funding was for \$9,223. The cost of the equipment purchased is \$13,581.

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

NOTE # 20 - GRANTS AND OTHER FINANCING CONTINUED

USDA Loan and Grant Water System

Town has received approval for a \$871,000 loan and \$561,600 grant to construct two 350 gallon-per-minute water wells with an emergency power supply from the USDA. The Town also received approval for a USDA loan of \$626,000 to construct a new 100,000 gallon-per-minute elevated water storage tank.

CRG Water Project- Interim Financing

In August 2010, the Town received two loans to finance test wells for construction of the new water wells and lines. The Town received a \$120,000 4% loan from Community Reach. This loan is scheduled to be closed out in June 2011, with funds from the USDA. The Town also received a loan from La. Public Financing for \$30,000. This is an interest free loan that is to be paid back in June 2011.

Donation of land for Water Well

In February 2010, the Town received a donation of land with a value of approximately \$6,500 in connection with the construction of the new water well.

State Project 069-03-0018 LA 33 Sewer Rehabilitation

In 2010, the Town received funding from Louisiana's DOTD to relocate and rehabilitate the approximately 300 feet of 8" gravity sewer due to the rebuilding of a bridge on LA Highway 33. The original clay tile pipe was replaced with a 8" ductile iron sewer pipe. The project was completed in the fall of 2010 at a cost of \$37,180.

Sewer Revenue Bonds Series 2010 DEQ Forgiveness Loan

On January 7, 2010 the Town entered into an agreement to with DEQ for \$288,424 in ARRA funds to complete a sewer line. The construction project was started and completed in 2010. The total cost of this project is \$288,423.99.

US Department of Homeland Security FEMA Financing for Road and Bridge Repairs

The Town received 2 grants from FEMA for reimbursement of expenses due heavy rainfall damages occurring in October 2009.

On Marony street a 18 inch culvert was destroyed as well as the asphalt surface on the roadway. The budget for the Marony street repairs is \$3,574.10. The Town received \$2,680.58 for reference number FEMA-1863-DR-L-PW 149.

The Town also had road damage to Alice Street in the same event as the Marony street damage. Alice street had damage to the wooden wing walls on a 72 inch CMP. The Town's employees had to rebuild the wall and replace the fill lost behind the wing walls. The total budgeted cost is \$2,652.24. The Town received \$1,989.18 from FEMA.

Part of the Marony street repairs were done before March 2010. We assumed that the invoices in the project files were for Alice street based on the description on the invoices and the description of the project. The Town does not maintain job or project records.



TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

NOTE # 21 - SUBSEQUENT EVENTS

Walking Trail and Park

In 2011, the Town received a letter of commitment from FHWA Recreational Trails Program of Louisiana to fund 80% up to a maximum amount of \$41,748 for the construction of a walking trail. The funding is a pass-through grant from the federal agency of FHWA Recreational Trails Program (CFDA 20.219). The land to be used for the park/ walking trail is owned by Century Link, a major employer in Marion. Century Link is to either donate the land to the Town or lease the land to the Town. As of the date of this report, no legal papers have been processed regarding the land owned by Century Link.

LCDBG Street Improvements

The Town received a grant from LCDBG to repair base failures and overlay streets in Marion. The proposed project would overlay 2,250 feet of Kennedy street and reconstruct 6,700 feet of Alice, Williams, Andrews streets at a total budget of \$614,746. The Town will contribute \$40,000 to this project while LCDBG will finance \$574,746. This project is scheduled to start in 2011.

**REQUIRED SUPPLEMENTAL INFORMATION**

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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, 2010

	<u>ORIGINAL DECEMBER 8, 2009 BUDGET</u>	<u>AMENDED DECEMBER 14, 2010 BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE)</u>
<b>REVENUE</b>				
Total Revenues	\$ 362,283.00	\$ 489,565.00	\$ 466,841.09	\$ (22,723.91)
<b>EXPENDITURES</b>				
Current				
General and Administrative	\$ 83,100.00	\$ 93,697.00	\$ 87,024.91	\$ 6,672.09
Police Protection	140,120.00	139,840.00	147,128.12	(7,288.12)
Fire Protection	26,850.00	41,715.00	26,426.21	15,288.79
Public Works	40,550.00	36,669.00	35,802.37	866.63
Sanitation Department	22,365.00	18,591.00	17,759.75	831.25
Culture and Recreation	3,035.00	3,140.00	3,035.02	104.98
Total Expenditures	<u>\$ 316,020.00</u>	<u>\$ 333,652.00</u>	<u>\$ 317,176.38</u>	<u>\$ 16,475.62</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>\$ 46,263.00</u>	<u>\$ 155,913.00</u>	<u>\$ 149,664.71</u>	<u>\$ (6,248.29)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Sale of Assets	\$ .00	\$ .00	\$ 1,606.00	\$ 1,606.00
<b>PAYMENTS FOR ACQUISITION OF CAPITAL ASSETS</b>	<u>\$ (17,335.00)</u>	<u>\$ (83,810.00)</u>	<u>\$ (95,775.20)</u>	<u>\$ (11,965.20)</u>
<b>PAYMENTS TO LONG-TERM DEBT</b>	<u>\$ (5,900.00)</u>	<u>\$ (5,200.00)</u>	<u>\$ (5,200.00)</u>	<u>\$ .00</u>
<b>EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES) BEFORE EXTRAORDINARY ITEM</b>	<u>\$ 23,028.00</u>	<u>\$ 66,903.00</u>	<u>\$ 50,295.51</u>	<u>\$ (16,607.49)</u>
<b>FUND BALANCE - BEGINNING</b>	<u>307,548.48</u>	<u>307,548.48</u>	<u>307,548.48</u>	<u>.00</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 330,576.48</u>	<u>\$ 374,451.48</u>	<u>\$ 357,843.99</u>	<u>\$ (16,607.49)</u>

See accompanying notes and auditors' report.

• **OTHER SUPPLEMENTAL INFORMATION**

**TOWN OF MARION  
MARION, LOUISIANA  
PROPRIETARY FUND**

**SCHEDULE I**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	ORIGINAL DECEMBER 8, 2009 BUDGET	AMENDED DECEMBER 14, 2010 BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
<b>REVENUE</b>	\$ 260,000.00	\$ 307,000.00	\$ 304,532.32	\$ (2,467.68)
<b>EXPENDITURES</b>				
Current				
Salaries and Employee Benefits	\$ 122,500.00	\$ 127,100.00	\$ 125,835.60	\$ 1,264.40
Office Supplies	9,000.00	8,100.00	8,985.18	(885.18)
Professional Fees	5,500.00	7,250.00	7,250.00	.00
Repairs and Maintenance	50,000.00	92,500.00	82,663.22	9,836.78
Vehicle Expense	8,500.00	7,500.00	8,071.07	(571.07)
Utilities and Telephone	19,500.00	19,650.00	19,397.83	252.17
Depreciation and Amortization	27,000.00	41,028.00	67,599.01	(26,571.01)
EPA Testing	3,500.00	2,800.00	2,585.00	215.00
Insurance	14,000.00	10,409.00	12,520.20	(2,111.20)
Bad Debts	.00	.00	3,635.11	(3,635.11)
Miscellaneous	1,000.00	7,500.00	117.00	7,383.00
Total Expenditures	\$ 260,500.00	\$ 323,837.00	\$ 338,659.22	\$ (14,822.22)
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	\$ (500.00)	\$ (16,837.00)	\$ (34,126.90)	\$ (17,289.90)
<b>Non-Operating Revenues (Expenses):</b>				
Investment Interest	\$ 500.00	\$ 1,000.00	\$ 3,465.58	\$ 2,465.58
Reimbursement from Water Well Project	.00	11,905.00	.00	(11,905.00)
Grant Income LMA	.00	27,828.00	37,180.00	9,352.00
Grant Income State of Louisiana ARRA	.00	.00	260,821.00	260,821.00
Donation of Land	.00	.00	6,500.00	6,500.00
Disposal of Assets	.00	.00	400.00	400.00
Total Non-Operating Revenues (Expenses)	\$ 500.00	\$ 40,733.00	\$ 308,366.58	\$ 267,633.58
Change in Net Assets	\$ .00	\$ 23,896.00	\$ 274,239.68	\$ 250,343.68
Net Assets-Beginning of the Year Restated	1,154,194.06	1,154,194.06	1,154,194.06	.00
Net Assets-End of the Year	\$ 1,154,194.06	\$ 1,178,090.06	\$ 1,428,433.74	\$ 250,343.68

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, 2010

SCHEDULE 2

Mayor Kenneth W. Franklin P. O. Box 405 Marion, LA 71260 318 292-4485	\$ 6,000.00
Alderman Ralph Holley 231 Crow Street Marion, LA 71260 318 292-5332	1,200.00
Alderman Johnny B. Gilliam P. O. Box 408 Marion, LA 71260 318 292-5550	1,200.00
Alderman Danny A. Smith 172 Concord Road Marion, LA 71260 318 292-5249	1,200.00
Alderwoman Ann D. Miller 1042 Main Street Marion, LA 71260 318 292-5405	1,200.00
Alderman Eugene "Bubba" Hoggatt P. O. Box 376 Marion, LA 71260 318 292-5419	1,200.00
Mark Dodd Police Chief 300 Joe Brown Drive Marion, LA 71260 318-558-0470	36,000.00

The council members' term of office expires December 2010.

See accompanying notes and auditors' report.

**TOWN OF MARION**  
**MARION, LOUISIANA**  
**SCHEDULE OF CURRENT INSURANCE IN FORCE (UNAUDITED)**  
**DECEMBER 31, 2010**

**SCHEDULE 3**

<u>INSURANCE COMPANY</u>	<u>POLICY</u>	<u>DATE</u>	<u>COVERAGE TYPE</u>	<u>AMOUNT</u>	<u>PREMIUM</u>
Charter Oak Fire Insurance Co.	660-9044P754	05/01/11 - 05/01/12	Property 398 Main Street Building Contents 111 Gayle Street Building Contents Co-Insurance Deductible	\$ 198,450.00 15,750.00 385,875.00 52,500.00 80% 1,000.00	\$ 2,481.00
Charter Oak Fire Insurance Co.	660-9044P754	05/01/11 - 05/01/12	Inland Marine Deductible	38,000.00 1,000.00	250.00
Charter Oak Fire Insurance Co.	660-8044P754	05/01/11 - 05/01/12	Government Crime Policy	100,000.00	250.00
Charter Oak Fire Insurance Co.	3030P89-2	05/01/11 - 05/01/12	Commercial Auto Liability Combined Single Limit Uninsured Motorist Medical Payments 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 Dodge Chargers Deductible	1,000,000.00 1,000,000.00 1,000.00 55,000.00 1,000.00 19,777.00 1,000.00 45,000.00 10,000.00 160,000.00 10,000.00 160,000.00 10,000.00 15,000.00 1,000.00 25,000.00 1,000.00	11,699.00
Charter Oak Fire Insurance Co.	GP09315024	05/01/11 - 05/01/12	General Liability Aggregate P & CO Aggregate Per Occurrence Fire Legal Medical Pay	2,000,000.00 2,000,000.00 1,000,000.00 50,000.00 Excluded	7,735.00
Louisiana Workers					

Compensation Corp.	I33393	05/01/11 0 05/01/12	Workmen's Compensation Each Accident Disease - Policy Limit Disease - Each Employee	1,000,000.00 1,000,000.00 1,000,000.00	9,812.00
Charter Oak Fire Insurance Co.	GP09315024	05/01/11 - 05/01/12	Employment Benefits Plan Liability Aggregate Each Wrongful Act Deductible	3,000,000.00 1,000,000.00 1,000.00	192.00
Charter Oak Fire Insurance Co.	GP09315024	05/01/11 - 05/01/12	Employee Related Practices Liability Aggregate Each Wrongful Act Deductible	1,000,000.00 1,000,000.00 2,500.00	2,500.00
Charter Oak Fire Insurance Co.	GP09315024	05/01/11 - 05/01/12	Law Enforcement Liability Aggregate Each Wrongful Act Deductible	1,000,000.00 1,000,000.00 5,000.00	2,699.00
Charter Oak Fire Insurance Co.	GP09315024	05/01/11 - 05/01/12	Public Entity Management Liability Aggregate Each Wrongful Act Deductible	1,000,000.00 1,000,000.00 2,500.00	1,000.00
Blue Cross	26X31ERC	Monthly	Employee Health and Accident HMO Group Premium Age Based Town Pays for Employees Health: One Employee has Family Coverage Which is Paid by Employee.	Estimated for 2011	30,981.60
Guardian Life	748682	Monthly	Employee Dental Vision Plan Premium Age Based Town Pays for Employees Health; One Employee has Family Coverage Which is Paid by Employee	Estimated for 2011	5,185.08
AFLAC	CNC62	Monthly	Employee Cafeteria Plan Premiums are Paid by Participating Employees		.00

See accompanying notes and auditors' report.



**TOWN OF MARION  
MARION, LOUISIANA  
CASH ACCOUNTS AND INVESTMENTS  
DECEMBER 31, 2010**

**SCHEDULE 4**

<u>CASH ACCOUNTS</u>	<u>INTEREST RATE</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS -TYPE ACTIVITIES</u>	<u>TOTAL FUNDS</u>
Regular Checking	0.50%	\$ 298,183.05	\$ 245,811.39	\$ 543,994.44
Petty Cash		<u>.00</u>	<u>100.00</u>	<u>100.00</u>
Total		<u>\$ 298,183.05</u>	<u>\$ 245,911.39</u>	<u>\$ 544,094.44</u>
 <u>INVESTED FUNDS</u>				
Certificate of Deposit	1.88%	\$ 12,797.98	\$ .00	\$ 12,797.98
Certificate of Deposit	1.21%	.00	126,394.28	126,394.28
Certificate of Deposit	1.21%	<u>.00</u>	<u>36,453.90</u>	<u>36,453.90</u>
Total		<u>\$ 12,797.98</u>	<u>\$ 162,848.18</u>	<u>\$ 175,646.16</u>
 <u>RESTRICTED FUNDS</u>				
Water Project Checking		\$ .00	\$ 41,920.02	\$ 41,920.02
Water Dept. Utility Deposits:				
Checking	.50%	.00	17,986.52	17,986.52
Certificate of Deposit	2.57%	.00	15,759.80	15,759.80
Passbook Fire Bond Sinking Fund	.25%	7,006.11	.00	7,006.11
Passbook Fire Bond Reserve Fund	.25%	790.79	.00	790.79
Passbook Fire Bond Depreciation Fund	.25%	1,081.60	.00	1,081.60
Passbook Fire Bond Contingency Fund	.25%	<u>1,081.60</u>	<u>.00</u>	<u>1,081.60</u>
Total		<u>\$ 9,960.10</u>	<u>\$ 75,666.34</u>	<u>\$ 85,626.44</u>
 <u>GRAND TOTALS</u>		 <u>\$ 320,941.13</u>	 <u>\$ 484,425.91</u>	 <u>\$ 805,367.04</u>

See accompanying notes and auditors' report.

TOWN OF MARION  
MARION, LOUISIANA  
ENTERPRISE FUND - WATER AND SEWER DEPARTMENT  
SCHEDULE OF UTILITY PLANT AND EQUIPMENT  
DECEMBER 31, 2010

SCHEDULE 5

<u>WATER</u>	<u>ACQUIRED</u>	<u>LIFE</u>	<u>COST</u>	<u>DEPRECIATION</u>	<u>NET</u>	<u>CURRENT DEPRECIATION</u>
<u>BUILDINGS AND IMPROVEMENTS</u>	12/01/98	39	\$ 15,000.00	\$ 4,807.75	\$ 10,192.25	\$ 384.62
<u>INFRASTRUCTURE</u>						
Water System		5 - 40	\$ 708,011.68	\$ 588,562.81	\$ 119,448.87	\$ 29,442.38
Water Storage Tanks		20 - 40	320,720.00	301,481.90	19,238.10	7,695.30
Total			\$ 1,028,731.68	\$ 890,044.71	\$ 138,686.97	\$ 37,137.68
<u>MACHINERY AND EQUIPMENT</u>		5 - 10	\$ 112,918.66	\$ 99,675.72	\$ 13,242.94	\$ 6,388.28
<u>LAND</u>			\$ 18,400.00	\$ .00	\$ 18,400.00	\$ .00
<u>CONSTRUCTION IN PROCESS</u>			\$ 118,819.59	\$ .00	\$ 118,819.59	\$ .00
<u>GRAND TOTAL</u>			\$ 1,293,869.93	\$ 994,528.18	\$ 299,341.75	\$ 43,910.58
<u>SEWER</u>						
<u>BUILDINGS AND IMPROVEMENTS</u>	07/01/10	39	\$ 55,000.00	\$ 687.50	\$ 54,312.50	\$ 687.50
<u>INFRASTRUCTURE</u>						
Sewer System		20 - 40	\$ 934,825.85	\$ 214,988.71	\$ 719,837.14	\$ 21,243.40
<u>MACHINERY AND EQUIPMENT</u>						
Gas Powered Jetter	01/14/00	5	\$ 3,615.08	\$ 3,615.08	\$ .00	\$ .00
(2) 5 HP Sewer Pumps 3"	03/08/09	10	4,150.00	1,867.50	2,282.50	415.00
(2) Goulds 5 HP Pumps	12/02/08	5	5,100.00	2,550.00	2,550.00	1,020.00
13 HP Gas Powered Jetter	02/12/10	7	4,515.35	322.53	4,192.82	322.53
Total			\$ 17,380.43	\$ 8,355.11	\$ 9,025.32	\$ 1,757.53
<u>LAND</u>			\$ 13,607.00	\$ .00	\$ 13,607.00	\$ .00
<u>GRAND TOTAL</u>			\$ 1,020,813.28	\$ 224,031.32	\$ 796,781.96	\$ 23,688.43

See accompanying notes and auditors' report.

TOWN OF MARION  
MARION, LOUISIANA  
GENERAL FUND  
PROJECTED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET  
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE 6

<u>REVENUE</u>	<u>2011</u>
	<u>\$ 396,953.00</u>
<u>EXPENDITURES</u>	
<u>Current</u>	
General and Administrative	\$ 98,608.00
Police Protection	150,000.00
Fire Protection	22,300.00
Public Works	40,750.00
Sanitation Department	20,070.00
Culture and Recreation	3,380.00
Total Expenditures	<u>\$ 335,108.00</u>
<u>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</u>	<u>\$ 61,845.00</u>
<u>OTHER FINANCING SOURCES (USES)</u>	
Operating Transfers From (To) Capital Projects Fund	<u>\$ .00</u>
<u>PAYMENTS FOR ACQUISITION OF CAPITAL ASSETS</u>	<u>\$ (33,000.00)</u>
<u>PAYMENTS TO LONG-TERM DEBT</u>	<u>\$ (5,200.00)</u>
<u>EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES) BEFORE EXTRAORDINARY ITEM</u>	<u>\$ 23,645.00</u>
<u>FUND BALANCE: BEGINNING</u>	<u>357,843.99</u>
<u>FUND BALANCE: ENDING</u>	<u>\$ 381,488.99</u>

See accompanying notes and auditors' report.

TOWN OF MARION  
MARION, LOUISIANA  
PROPRIETARY FUND  
PROJECTED CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE 7

	<u>WATER</u>	<u>SEWER</u>	<u>2011</u>
<b><u>OPERATING REVENUES</u></b>			
Charges for Services	\$ 170,000.00	\$ 30,000.00	\$ 200,000.00
Sales Tax	60,000.00	60,000.00	120,000.00
Miscellaneous	500.00	500.00	1,000.00
Total Operating Revenues	<u>\$ 230,500.00</u>	<u>\$ 90,500.00</u>	<u>\$ 321,000.00</u>
<b><u>OPERATING EXPENSES</u></b>			
Salaries and Employee Benefits	\$ 123,100.00	\$ 8,400.00	\$ 131,500.00
Office Supplies	3,750.00	3,750.00	7,500.00
Professional Fees	2,750.00	2,750.00	5,500.00
Repairs and Maintenance	25,000.00	25,000.00	50,000.00
Vehicle Expense	4,250.00	4,200.00	8,450.00
Utilities and Telephone	9,850.00	9,850.00	19,700.00
Depreciation and Amortization	19,500.00	7,500.00	27,000.00
EPA Testing	.00	3,500.00	3,500.00
Insurance	7,550.00	7,550.00	15,100.00
Management Fee to Water	(18,000.00)	18,000.00	.00
Miscellaneous	500.00	500.00	1,000.00
Total Operating Expenses	<u>\$ 178,250.00</u>	<u>\$ 91,000.00</u>	<u>\$ 269,250.00</u>
<b><u>NET OPERATING INCOME (LOSS)</u></b>	<u>\$ 52,250.00</u>	<u>\$ (500.00)</u>	<u>\$ 51,750.00</u>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>			
Investment Interest	\$ 500.00	\$ 500.00	\$ 1,000.00
Total Non-Operating Revenues (Expenses)	<u>\$ 500.00</u>	<u>\$ 500.00</u>	<u>\$ 1,000.00</u>
<b><u>NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</u></b>	<u>\$ 52,750.00</u>	<u>\$ .00</u>	<u>\$ 52,750.00</u>
<b><u>CAPITAL CONTRIBUTIONS</u></b>	<u>.00</u>	<u>.00</u>	<u>.00</u>
<b><u>CHANGE IN NET ASSETS</u></b>	<u>\$ 52,750.00</u>	<u>\$ .00</u>	<u>\$ 52,750.00</u>
<b><u>NET ASSETS - BEGINNING OF THE YEAR</u></b>	<u>509,413.06</u>	<u>919,020.68</u>	<u>1,428,433.74</u>
<b><u>NET ASSETS - END OF THE YEAR</u></b>	<u>\$ 562,163.06</u>	<u>\$ 919,020.68</u>	<u>\$ 1,481,183.74</u>

See accompanying notes and auditors' report.

**TOWN OF MARION  
MARION, LOUISIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2010**

**SCHEDULE 8**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>EXPENDITURES</u>
Environmental Protection Agency Passed through State of Louisiana Department of Environmental Quality ARRA 2009 Stimulus Grant Sewer System Improvements	66.458	CS221735-01	\$ 288,423.99
United States Department of Homeland Security Federal Emergency Management Agency Passed Through State of Louisiana Governor's Office of Homeland Security	97.039	FEMA-1863-DR-L-PW 149	4,669.76
Culvert, Wing Wall and Road Repairs Due to Excess Rainfall Occurring on October 29, 2009.			
United States Department of Agriculture Water and Waste Disposal Systems for Rural Communities Interim Financing Through Community Research Direct Loan Water Well Test Holes	10.760	013-519	<u>107,094.59</u>
Total			<u>\$ 400,188.34</u>

**NOTE 1 - BASIS OF PRESENTATION**

The above schedule of expenditures of federal awards includes the federal grant activity of the Town of Marion, Louisiana and is presented on the same basis of accounting as described in Note 1 to the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133. "Audits of States, Local Governments, and Non-Profit Organizations."

See accompanying notes and auditors' report.

**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**

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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

May 31, 2011

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 the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Marion, Louisiana, as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Town of Marion, Louisiana basic financial statements and have issued our report thereon dated May 31, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Marion, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Marion, Louisiana's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. (See pages 40 - 46) 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.

The Honorable Mayor Kenneth W. Franklin  
and Members of the Board of Aldermen and Alderwomen  
Town of Marion, Louisiana  
May 31, 2011  
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Marion, Louisiana's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items listed on pages 40 - 46.

We noted certain matters that we reported to management of Town of Marion, Louisiana, in a separate letter dated May 31, 2011.

The Town of Marion, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Town of Marion, Louisiana's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Town's Board of Aldermen and Alderwomen, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

GARRETT AND GARRETT  
CERTIFIED PUBLIC ACCOUNTANTS

*Garrett & Garrett CPAs*



**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**

May 31, 2011

**The Honorable Kenneth Franklin, Mayor  
and Members of the Board of Aldermen and Alderwomen  
Marion, Louisiana**

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.

The following are our recommendations and a summary of audit findings:

**03-01(C) Finding**

Due to the small number of employees, the Town of Marion did not have adequate segregation of functions within the accounting system. Based upon the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

**Corrective Action Taken in 2009**

In the legislative auditor's assessment they advised the town's accounting duties be segregated to the extent possible to strengthen internal controls (checks and balances). Also, implementing compensating controls can mitigate risks associated with having a limited number of office personnel. For example, we suggest that the mayor (1) periodically review and approve (in writing) the work of the clerk; and (2) receive the monthly bank statements (unopened) and review the deposits and checks for propriety.

**Corrective Action Planned**

No response is considered necessary. They did not take any action in 2009, however, the mayor now receives and inspects all unopened bank statements before the clerk receives them to reconcile.

**Corrective Action Taken in 2010**

The mayor now opens all bank statements, reviews, and signs each statement that he reviews. A list of the cash accounts and their balances are given to the council along with a copy of each bank statement for their review.

**Name of Contact Person**

**Kenneth Franklin, Mayor**

**06-01(C)**

Management does not have sufficient capable expertise to prepare financial statements and related footnote disclosures. The Town needs to hire an accountant to help the staff set up and maintain an accrual accounting system. Receivables and payables are not recorded on the financial statements.

The Honorable Kenneth Franklin, Mayor  
and Members of the Board of Aldermen and Alderwomen  
Prior Year Recommendations and Replies  
May 31, 2011  
Page 2

Action Taken in 2009

None; the Town's management considers this recommendation to be too costly to implement. This recommendation is for part time or a contract bookkeeping service. The Mayor needs two people in the office, which is the number of people in the Town's office at present. If he hires the two people, he feels the Town can not afford to hire a separate bookkeeping service. The Town has started to record accrual transactions in 2010. The clerk has been recording payables, but the receivables have not been recorded in the past. In 2010 the Town started recording these entries.

Action Taken in 2010

The Town hired a new clerk at the end of the 2009. The new clerk has attended classes offered by LMA and has started to change the general ledger to an accrual system from the old cash system. At this time, the clerk does not have the expertise to prepare financial statements. The Town had a council member that did have this expertise, but did not prepare the statements.

06-02(C) Finding

The Town did not follow the state laws required in the collection of property taxes. The Town did not publish unpaid accounts in the paper and did not take required legal action against the individuals.

Corrective Action Taken in 2009

The Town decided the unpaid accounts are not collectible and therefore no future action should be required. The Legislative Auditors office sent an agent to the Town to suggest certain corrections should be made by year end. Since the state mandated procedures had already passed by the time of the visit, the Town could not comply with this requirement by their year end of December 31, 2009. As of June 4, 2010, the Town has 41 individuals or entities that still owe outstanding taxes of approximately \$400.

Corrective Action Taken in 2010

The Town did not take any different actions from prior years. The amount owed to the Town is approximately \$900 in May 2011.

Name of Contact Person

Kenneth Franklin, Mayor

08-02(IC) Finding

There is a lack of documentation for expenditures. The Town does not use purchase orders or work orders to document purchases. They do however have a payables form that is filled out by the town clerk and signed by the mayor and a council member to approve the invoices. These forms should include an explanation of the reason for the invoice. However, many of the invoices do not include explanations. This causes problems for the town clerk when posting the invoices to the correct cost center or fund.

The water supervisor is in charge of all maintenance and does the orders for supplies for the water, sewer, streets, garbage and fire departments. He has his own files for work performed and keeps up with supplies that he orders. He does not share this information with the payables clerk. The mayor is informed about any projects the Town is performing however, the communications are normally verbal.

We suggest that the work orders and supply order information be communicated to the payables clerk so the invoices can be posted to the correct cost center. The information needs to include a description of the items ordered, the unit price of the items, what department the supplies should be charged to, and if the items are part of a project or work order. We suggest that the Town use work and purchase order forms. The Louisiana legislative auditor's office has samples of work orders that can be downloaded from their web site. If for some reason, the Town does not want to use a form to communicate this information to the Town's clerk, then we suggest that the information be written down on the invoice or payables forms that are already in use.

Corrective Action Taken in 2009

None. The new clerk is giving the invoices to the appropriate supervisor to approve and communicate where the invoice should be accounted.

The legislative auditor's office in their assessment of the finding advised:

We advise management to develop and adopt a written purchasing policy that provides for the use of a simple purchase order system. The policy should provide (1) the minimum dollar value for which a purchase order is required; (2) how purchases are initiated; (3) the preparation and approval process of the purchase orders; and (4) checks and balances to ensure that the purchases/expenditures are within budgeted amounts.

Corrective Action Taken in 2010

Although the documentation has improved, the Town does not use purchase or work orders. The approval of the invoices or payables is adequate for this size town. The Town's clerk is giving invoices to the appropriate parties to make sure the costs are recorded to the correct department. The Town did not develop a written purchasing policy in 2010.

Corrective Action Planned

The Town has started to develop a written purchasing policy for approval by the council.

Name of Contact Person

Kenneth Franklin, Mayor

09-01(IC) Finding

In our review of the employee procedures, the Town needs to write an employee manual. The employees were not sure how their overtime and vacation should be calculated. The manual needs to include how the Town defines overtime; how vacation and sick hours are accrued and paid; what employee benefits are paid by the Town; what the Town's procedures are for termination of an employee, what the Town's procedures are for discovery of fraud or illegal acts by any other employees or management and what the Town's reimbursement policy is for travel.

Corrective Action Planned

The Town's clerk is in the process of writing the manual for management's approval.

The Honorable Kenneth Franklin, Mayor  
and Members of the Board of Aldermen and Alderwomen  
Prior Year Recommendations and Replies  
May 31, 2011  
Page 4

Corrective Action Taken in 2010

The clerk did not finish the employee manual. The current policy on vacation and sick time is from 1995 and states that unpaid vacation hours are lost at year end, while sick time is accrued up to 400 hours. During this year the Town paid one of the employees for their unused vacation time because the Town could not find anyone to cover for the employee while the employee was on vacation.

Corrective Action Planned

Management will not pay any employee for unused vacation time in the future. The mayor and the Town clerk will develop a new payroll policy for overtime, vacation and sick time and issue an employee manual.

Name of Contact Person

Johnnie Baker, Clerk

09-02 (IC) Finding

In our review of the traffic ticket procedures, the Town dismissed or reduced some citations outside of traffic court; the ticket books are not stored in a locked cabinet; and the Town does not have written procedures for maintaining, issuing and accounting for traffic tickets/citations.

Corrective Action Planned

The Town will now only dismiss or reduce the citations in open traffic court. The police department will secure the ticket books in a secured cabinet and will have their procedures written down in a manual.

Corrective Action Taken in 2010

The Town changed their procedures for dismissing traffic tickets outside of traffic court. Now all tickets are presented to the traffic court. The police department is using the recommending procedures from the Louisiana legislative auditors office.

**CURRENT YEAR AUDIT RECOMMENDATIONS AND SUMMARY OF 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

May 31, 2011

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

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.

The following are our recommendations and a summary of audit findings for 2010 in addition to the findings from prior years:

10-01(C) Finding

The Town's actual expenditures and revenues for the general fund were over budget by more than 5%.

The Town monitors their budget to actual expenses on a monthly basis. The Town's records are prepared on a cash basis. The actual comparative figures for the general fund's budget include accruals. This difference between the two bases could cause the budget to be over or under budgeted.

Corrective Action Planned

The Town under estimated the expenditures of capital projects due to accruals that were not recorded in the general fund. Some of the expenditures are not known by the Town at the time the budget is amended. This causes the budget to be outside the 5% variance range. The clerk will check with their engineers in the future for any additional expenditures on Town projects.

Name of Contact Person

Johnnie Baker, Clerk

Prior Year Findings:

03-01(IC) Finding

Due to the small number of employees, the Town of Marion did not have adequate segregation of functions within the accounting system. Based upon the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties

The Honorable Kenneth Franklin, Mayor  
and Members of the Board of Aldermen and Alderwomen  
May 31, 2011  
Page 2

Corrective Action Planned

No response is considered necessary. Management opens all bank statements and reviews the contents; the mayor also evaluates the clerk's work.

Name of Contact Person

Kenneth Franklin, Mayor

06-01(C)

Management does not have sufficient capable expertise to prepare financial statements and related footnote disclosures. The Town needs to hire an accountant to help the staff set up and maintain an accrual accounting system. Receivables and payables are not recorded on the financial statements.

Action Taken in 2010

The Town hired a new clerk at the end of the 2009. The new clerk has attended classes offered by LMA and has started to change the general ledger to an accrual system from the old cash system. At this time, the clerk does not have the expertise to prepare financial statements. The Town had a council member that did have this expertise, but did not prepare the statements.

Name of Contact Person

Johnnie Baker, Clerk

06-02(C) Finding

The Town did not follow the state laws required in the collection of property taxes. The Town did not publish unpaid accounts in the paper and did not take required legal action against the individuals.

Corrective Action Taken in 2010

The Town did not take any different actions from prior years. The amount owed to the Town is approximately \$900 in May 2011. At June 4, 2010, the Town did not collect \$400 in property taxes.

Corrective Action Planned

The Town's clerk and the mayor will check to see if any of the outstanding assessments are collectible and take measures to collect the outstanding debt.

Name of Contact Person

Kenneth Franklin, Mayor

08-02(1C) Finding

The Town does not use work orders or purchase orders. Some of the invoices are not clear on what the items ordered are to be used for or what is ordered.



The Honorable Kenneth Franklin, Mayor  
and Members of the Board of Aldermen and Alderwomen  
May 31, 2011  
Page 3

We suggest that the work orders and supply order information be communicated to the payables clerk so the invoices can be posted to the correct cost center. The information needs to include a description of the items ordered, the unit price of the items, what department the supplies should be charged to, and if the items are part of a project or work order. We suggest that the Town use work and purchase order forms. The Louisiana legislative auditor's office has samples of work orders that can be downloaded from their web site. If for some reason, the Town does not want to use a form to communicate this information to the Town's clerk, then we suggest that the information be written down on the invoice or payables forms that are already in use. The Town needs to have a written purchasing policy.

#### Corrective Action Taken in 2010

The Town's supervisors sign each non reoccurring invoice for approval of payment and indicate the correct department or fund. The mayor and a council member approve each invoice. For the federal projects, the Town's consultants and the government agencies approve all invoices before they are paid.

#### Corrective Action Planned

The Town has started to develop a written purchasing policy for approval by the council. The Town plans to use their invoice approval form as their purchase order form by numbering the form and adding additional information for Town projects.

#### Name of Contact Person

Kenneth Franklin, Mayor

#### 09-01(IC) Finding

In our review of the employee procedures, the Town needs a written employee manual. The employees are not sure how their overtime and vacation should be calculated. The manual needs to include how the Town defines overtime; how vacation and sick hours are accrued and paid; what employee benefits are paid by the Town; what the Town's procedures are for termination of an employee, what the Town's procedures are for discovery of fraud or illegal acts by any other employees or management and what the Town's reimbursement policy is for travel.

#### Corrective Action Taken in 2010

The Town does not have a written employee manual. The current policy on vacation and sick time is from 1995 and states that unpaid vacation hours are lost at year end, while sick time is accrued up to 400 hours. During the last quarter of this year, the Town paid one of the employees for their unused vacation time because the Town could not find anyone to cover for the employee while the employee was on vacation. The unused vacation was for one week; the employee did take one week of vacation earlier in the year.

#### Corrective Action Planned

Management will not pay any employee for unused vacation time in the future. The mayor and the Town clerk will develop a new payroll policy for overtime, vacation and sick time and issue an employee manual.

#### Name of Contact Person

Johnnie Baker, Clerk

TOWN OF MARION  
MARION, LOUISIANA

REPORT ON THE APPLICATION OF  
AGREED-UPON PROCEDURES

YEAR ENDED  
DECEMBER 31, 2010

Town of Marion, Louisiana  
Agreed-Upon Procedures  
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**GARRETT AND GARRETT, CPAS**  
**119 PROFESSIONAL DRIVE**  
**WEST MONROE, LOUISIANA 71291**

Carolyn V. Garrett, CPA  
Judy D. Garrett, CPA

Telephone: (318)322-0845  
FAX: (318)322-5577  
E-Mail: [cpa.gg@comcast.net](mailto:cpa.gg@comcast.net)

July 25, 2011

**Independent Accountant's Report on the  
Application of Agreed-Upon Procedures**

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

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below as they are a required part of the audit engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable."

Management of the Town of Marion, Louisiana is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the Town of Marion, Louisiana and the Louisiana Legislative Auditor, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Town of Marion's compliance with certain laws and regulations during the year ended December 31, 2010 included in the Louisiana Attestation Questionnaire.

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 of which this report has been requested or for any other purpose.

The procedures that we performed and associated findings are as follows:

Financial Management

1. Determine if management was presented with timely and accurate monthly financial statements, including budget-to-actual comparisons on funds (General Fund, Special Revenue Fund, Utility Fund, etc.) of the Town of Marion, Louisiana, during the calendar year 2010.

*We obtained, through discussion with management and inspection of documents that the mayor and board members are presented with monthly financial statements that compare budget-to-actual comparisons on the funds of the entity, during the year under examination.*

*The Town records their financials on a cash basis. This has caused non-compliance on the budget to actual variance. The clerk is now setting up the Town's records to include more accrual transactions.*

2. If management was deficit spending during the period under examination, determine if there is a formal/written plan to eliminate the deficit spending and whether management is monitoring the plan.

*We inspected the Town's financial statements and made inquiries of the Town's management to check for deficit spending during the period and to determine if there is a written plan to eliminate the deficit spending and whether management is monitoring the plan.*

*We did not find any deficit spending.*

*Exception: The Town does not have a written plan to eliminate any deficit spending.*

3. Determine if there are adequate written policies and procedures for the financial/business functions of the Town of Marion, Louisiana (e.g., budgeting, receipts, purchasing, disbursements, payroll, etc.).

*We made inquiries of the Town's management and personnel to determine if there are adequate written policies and procedures for the financial/business functions of the entity.*

*Exception: Although the Town has several policies approved in their minutes, they do not have a policy manual and did not provide us with the minutes where the policies are approved.*

#### Credit Cards

1. Obtain from management a listing of all active credit cards (and bank debit cards if applicable) for the period under examination, including the card numbers and the names of the persons who maintained possession of the cards.

[Note: There are three types of credit cards: (1) general (e.g. VISA, MasterCard, etc.), (2) store (e.g., Wal Mart, Office Depot, Sam's Club, etc.); and (3) gasoline (e.g., Fuelman, Exxon, etc.)].

*We obtained from management a list of all active credit cards for the year of 2010, along with the card numbers and the names of the person who maintained possession of the cards.*

2. Obtain and evaluate the adequacy of the entity's written policies and procedures for credit cards (and debit cards if applicable).

*Exception: The Town did not have written policies and procedures for credit cards for the period under review.*

3. Obtain the monthly statements of all credit cards (general, stores, and gasoline) used during the period under examination and select for detailed review, the two largest (dollar amount) statements for each card. (Note: For a debit card, select the two monthly bank statements with the largest dollar amount of debit charges):

*We reviewed the two largest dollar amount statements for each type of credit card for this fiscal year under review.*

- A. Obtain the entity's supporting documentation for the purchases/charges shown on the selected monthly statements:

- Determine if each purchase is supported by:
  - An original itemized receipt (i.e., identifies precisely what was purchased)
  - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)

Independent Accountant's Report on the  
Application of Agreed-Upon Procedures  
Page 4

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

- Determine if each purchase is:
  - Reasonable in amount
  - For an appropriate and necessary business purpose relative to the entity
- Determine if any purchases were made for personal purposes, and if so, determine the date(s) of reimbursement.
- Determine if any purchases effectively circumvented the entity's normal procurement/purchasing process and/or the Louisiana Public Bid Law (i.e., large or recurring purchases requiring the solicitation of bids or quotes).

*All charges in the reviewed statements included the itemized receipts. We did not find any charges that were not for a business purpose, the dollar amount of the purchases were reasonable, and none of the charges circumvented the public bid law.*

B. Determine if there was any duplication of expenses by comparing all travel and related purchases to the appropriate person's expense reimbursement report(s).

*We found no duplications of expenses as a result of these procedures.*

C. Determine if each monthly credit card statement (including supporting documentation) was reviewed and approved, in writing, by someone other than the person making the purchases. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality.)

*All statements reviewed were approved and reviewed by someone other than the person making the purchases.*

D. Determine if finance charges and/or late fees were assessed on the monthly statements.

*We did not find any late or finance charges paid on the reviewed statements.*

#### Travel and Expense Reimbursement

1. Obtain and evaluate the adequacy of the entity's written policies and procedures for travel and expense reimbursement.

*The Town's written policy is part of their minutes and they did not provide the policy to us. Based on our discussion with the Town's employees and management, their verbal procedures are adequate as a travel policy.*

*Exception: The Town needs to codify their policies into a manual.*

2. Obtain a listing of all travel and related expense reimbursements during the period under examination and select for review, the one person who was reimbursed the most money:

- A. Obtain all of the expense reimbursement reports of the selected person, including the supporting documentation, and choose the three largest expense reports to review in detail (Note: Choose 100% for review if there are less than three expense reports.):

- Determine if each expenditure is:
  - Reimbursed in accordance with written policy (e.g., rates established for meals, mileage, lodging, etc.)
  - Reasonable in amount
  - For an appropriate and necessary business purpose relative to the travel
- Determine if each expenditure is supported by:
  - An original itemized receipt (i.e., identifies precisely what was purchased) [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) generally does not require a receipt.]



Independent Accountant's Report on the  
Application of Agreed-Upon Procedures  
Page 6

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)
  - Other documentation as may be required by policy (e.g., authorization for travel, conference brochure, certificate of attendance, etc.)
  - Determine if any of the expenditures were for personal purposes (e.g., extended hotel stays before or after training class, meals for spouses, entertainment, etc.).
  - Determine if each expense report (including documentation) was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
- B. Determine if there was any duplication of expenses by comparing the expense reports to charges/purchases made on credit card(s).

*We obtained a list of travel and related expense reimbursements during the calendar year 2010. No employee had more than one travel reimbursement. We reviewed three of the four travel reimbursements.*

- A. *We determined that the reimbursements were in accordance with their verbal policy for travel, were reasonable in amount, and appropriate and necessary business purpose relative to the travel. All travel expenditures were supported by itemized receipts where appropriate. Per Diem basis reimbursements included the number of days of the reimbursements. The travel was approved and reviewed by someone other than the person receiving the reimbursement. Based on the documentation of the reviewed travel, all seems to be for the business purposes.*
- B. *We did not find any duplication of travel expenses.*

Contracts

1. Obtain and evaluate the adequacy of the entity's written policies and procedures for contracts/contracting, including leasing.

*Exception: Based on our conversations with Town employees, the Town does not have a written policy for contracts/contracting, including leasing.*

2. Determine if the entity has centralized control and oversight of contracts to ensure that services/deliverables received and payments made comply with the terms and conditions of the contracts.

*Based on the contracts that we reviewed the Town has centralized control and oversight over their contracts.*

3. Review accounting records (e.g., general ledgers, accounts payable reports, etc.) for the period under examination to identify individuals/businesses being paid for contracted services (e.g., professional, technical, etc.). Select the five "vendors" that were paid the most money during the period and determine if there is a formal/written contract that supports the services arrangement and payments.

*We reviewed the Town's accounting records and selected the highest paid five vendors that were paid for contracted services. All had written contracts that support the service arrangements and payments.*

4. Obtain a listing of all active contracts and the expenditures made during the period under examination. Select for detailed review, the largest (dollar amount) contract in each of the following categories that was entered into during the period.

(1) Services

(2) Materials and supplies

(3) Public works

A. Obtain the selected contracts and the related paid invoices and:

- Determine if the contract is a related party transaction.
- Determine if the transaction is subject to the Louisiana Public Bid Law:
  - If yes, determine if the entity complied with all requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder, etc.)

- If no, determine if the entity provided an open and competitive atmosphere (a good business practice) for the transaction/work.
- Determine if the contract was awarded under the *request for proposals* (RFP) method. If so, obtain all proposals and the evaluation/scoring documents to determine if the contract was awarded to the most responsible offer whose proposal was the most advantageous taking into consideration price and other evaluation factors set forth in the *request for proposals*.
- Determine if the procurement was made “off” state contract (as opposed to following the competitive bidding requirements of the Louisiana Public Bid Law). If so, determine if the board formally adopted the use of the Louisiana Procurement Code (R.S. 39:1551-1755), the set of laws that govern most state agencies’ purchases of certain services, materials and supplies, and major repairs.
- Determine if the procurement related to homeland security and was made from federal General Services Administration (GSA) supply schedules. If so, determine if the entity (1) utilized a Louisiana licensed distributor; (2) used the competitive ordering procedures of the federal GSA; and (3) received prior approval from the director of the State Office of Homeland Security and Emergency Preparedness, or his designee.
- Determine if the entity “piggybacked” onto another agency’s contract. If so, determine if there is documentation on file that clearly demonstrates the contract was a previously bid, viable contract and the price paid by the entity was the same as that contract’s bid price.
- Determine if the contract was amended. If so, determine whether the original contract contemplated or provided for such an amendment. Furthermore, determine if the amendment is outside the scope of the original contract, and if so, whether it should have been separately bid and contracted.
- Determine if the invoices received and payments made during the period complied with the terms and conditions of the contract.

- Determine if there is written evidence that the entity's legal advisor reviewed the contract and advised entering into the contract.
- Determine if there is documentation of board approval, if required.

*The contracts reviewed were all categorized as public works or capital projects even though some of the costs were for services such as attorney fees and engineering cost. The Town does not have contracts for materials and supplies outside of their capital projects except for a piggybacked contract for asphalt through the Union Parish police jury.*

*None of the contracts reviewed were related party transactions.*

*The contracts subject to the Louisiana Public Bid Law complied with all requirements of this law.*

*None of the contracts were awarded under the request for proposal method.*

*None of the reviewed contracts were made "off" the state contract.*

*None of the reviewed contracts were related to homeland security and were made from federal General Services Administration supply schedules.*

*Exception: The Town has a piggybacked contract through the Union Parish police jury for cold mix. The Town does not have a copy of this contract on file. The Town needs the contract to make sure the price charged is the same as the contract price.*

*We did not notice any amendments to the contracts that did not provide for an amendment and if amended was outside the scope of the original contract.*

*All payments and invoices received made during the calendar year 2010 complied with the terms and conditions of the contract.*

*Of the five contracts reviewed, only two of the contracts were reviewed by an attorney; however the other contract were standard for the services received.*

Payroll and Personnel

1. Obtain and evaluate the adequacy of the entity's written policies and procedures for payroll and personnel.

*Exception: From the inquiries of personnel, the Town does not have written policies and procedures for payroll and personnel.*

2. Obtain a listing of employment contracts/agreements in force during the period under examination. Select the largest (dollar amount) employment contract and determine if all payments issued during the period under examination were done in strict accordance with the terms and conditions of the contract.

*Not applicable, the Town does not have employment contracts.*

3. Select the attendance and leave records for one pay period and:

- Determine if all employees are documenting their daily attendance and leave (e.g., vacation, sick, etc.). (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.)
- Determine if supervisors are approving, in writing, the attendance and leave of all employees.
- Determine if the entity is maintaining accurate written leave records (e.g., hours earned, hours used, and balance available) on all eligible employees.

*We selected and reviewed attendance and leave records for one pay period during the calendar year 2010. We determined that:*

*All employees had daily attendance and leave records.*

*Supervisors approved in writing the time sheets reviewed.*

*The Town has a written log of leave records for all eligible employees.*

4. Select the five highest paid employees and determine if changes made to their hourly pay rates/salaries during the period under examination were approved in writing and in accordance with policy.

*We selected the five highest paid employees to determine if any changes were made to their hourly pay rates in calendar 2010 were approved in writing.*

*Exception: Only two employees had pay raises during the year. The pay rates are not filed in each employee's folder, however, the appropriate approval from management was received and the approval was in writing.*

5. Select the five largest termination payments (e.g., vacation, sick, compensatory time, etc.) made during the period under examination. Determine if the payments were supported by adequate documentation, made in strict accordance with policy and/or contract, and properly approved.

*Not applicable, the Town did not terminate any employee during this period that was paid any accrued vacation or compensatory time.*

6. Determine if any employees were also being paid as contract labor during the period of the examination.

*We did not find any records to indicate the Town's employees received any compensation other than wages or salary.*

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Town of Marion, Louisiana and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Sincerely,

*Garrett & Garrett CPAs*

**Town of Marion, Louisiana**  
**P. O. Box 216**  
**Marion, Louisiana 71260**

July 25, 2011  
Management's Corrective Action Plan  
Agree Upon Procedures  
For the Year Ended December 31, 2010

Accountant's recommendation: We recommend that the Town codify their policies and procedures for their financial management, credit cards, travel and expense reimbursement, contracts and payroll and personnel.

Management's Corrective Action Planned:

The Town Clerk and the management of the Town are in the process of updating their policies. At the July 2011 board meeting, the council approved policies for purchases and travel and expense reimbursement. The Town Clerk indicated the Town should be finished with their written policy and procedure manual by June 30, 2012.

Person Responsible for Corrective Action: Johnnie Baker, Town Clerk

Projective Completion Date: June 30, 2012.

Accountant's recommendation: The Town should have copies of any piggybacked contracts on file to ensure the contracted cost is what is invoiced.

Management's Corrective Action Planned:

Union Parish Policy Jury (UPPJ) accepts the lowest of three bids on a quarterly basis and that bid serves as their contract for securing cold mix. The Town of Marion will request a copy of the lowest bid UPPJ received when we are securing cold mix through the UPPJ.

Person Responsible for Corrective Action: Johnnie Baker, Town Clerk

Projective Completion Date: December 31, 2011.

Accountant's recommendation: The Town should document employee's change in pay rate, approved by the appropriate supervisor and file in each employee's payroll folder.

Management's Corrective Action Planned:

The Town will start documenting each employee's pay raise along with management's written approval.

Person Responsible for Corrective Action: Johnnie Baker, Town Clerk

Projective Completion Date: December 31, 2011.

Approved By:

A handwritten signature in black ink, appearing to read "Kenneth Franklin", written over a horizontal line.

Kenneth Franklin, Mayor