

TOWN OF MARION  
MARION, LOUISIANA

REPORT ON AUDIT OF  
BASIC FINANCIAL STATEMENTS

YEARS ENDED  
DECEMBER 31, 2007 AND 2006

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

Release Date 7/9/08



TOWN OF MARION  
MARION, LOUISIANA  
ANNUAL FINANCIAL REPORT WITH SUPPLEMENTAL INFORMATION SCHEDULES  
FOR THE YEARS DECEMBER 31, 2007 AND 2006

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June 27, 2008

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, 2007 and 2006, 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.

Except as in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 opinions.

The financial statements of the Town of Marion Volunteer Fire Department and the Town of Marion Police Reserves have not been audited, and we were not engaged to audit the Town of Marion Volunteer Fire Department's and the Town of Marion Police Reserve's financial statements as part of our audit of the Town's basic financial statements. The Volunteer Fire Department and the Town of Marion Police Reserves considers themselves as separate from the management of the Town and therefore not component units of the Town. Their financial activities are not included with these statements. We do not know what effect, if any, these financial activities would have on the on the Town's basic financial statements if presented as component units. If the Town of Marion Volunteer Fire Department and the Town of Marion Police Reserves are component units, the financial statements referred to above would not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of the Town of Marion, Louisiana as of December 31, 2007 and 2006, or the changes in financial position thereof for the years then ended. As of the date of this report, we did not have enough information to determine if the Town of Marion Volunteer Fire Department or the Town of Marion Police Reserves are component units of the Town.

In addition, in our opinion, except for the effects of omitting blended component units as discussed above the financial statements referred to above 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, 2007 and 2006, 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 management's discussion and analysis and budgetary comparison information on pages A through E and 25, are not a required part of the basic financial statements but are 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.

The Honorable Kenneth W. Franklin, Mayor  
and Members of the Board of Alderman  
June 27, 2008  
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Marion, Louisiana's basis financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them. The accompanying supplemental information as listed in the Table of Contents and identified as Schedule 1 through Schedule 5 are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

GARRETT AND GARRETT  
CERTIFIED PUBLIC ACCOUNTANTS

*Garrett & Garrett CPAs*

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Town of Marion, Louisiana  
Management's Discussion and Analysis  
December 31, 2007**

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, 2007. 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 12, 2006 and it was amended on December 11, 2007.

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 - 24.

Government-Wide Financial Analysis

Overall, the Town's financial position and results of its operation did not improve in fiscal 2007. The largest percentage of the total assets (83%) is the Town's investment in net capital assets. The Town has outstanding debt of \$98,925 which was used to finance some of the \$1,717,674 capital assets. (For more detailed information on the Town's debt and capital assets, see pages 20 - 22). The Town received a \$100,000 loan from the U.S. Department of Agriculture in 2006 to finance the construction of a new fire station. Of this amount, \$98,925 is payable at year end. The first full payment was made in August 2007. The total liabilities of \$164,453 are 8% of the total net assets.

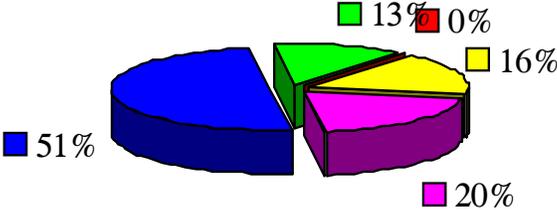
The following table reflects the condensed statement of net assets at December 31, 2007.

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current Assets	\$ 98,966.46	\$ 218,174.52	\$ 317,140.98
Non-current Assets	890,101.87	855,430.87	1,745,532.74
<b>Total Assets</b>	<b>\$ 989,068.33</b>	<b>\$ 1,073,605.39</b>	<b>\$ 2,062,673.72</b>
<b>Liabilities</b>			
Current Liabilities	\$ 25,062.01	\$ 24,106.01	\$ 49,168.02
Non-current Liabilities	100,455.22	14,830.00	115,285.22
<b>Total Liabilities</b>	<b>\$ 125,517.23</b>	<b>\$ 38,936.01</b>	<b>\$ 164,453.24</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	\$ 770,822.87	\$ 814,461.88	\$ 1,585,284.75
Restricted	3,093.78	.00	3,093.78
Unrestricted	89,634.45	220,207.50	309,841.95
<b>Total Net Assets</b>	<b>\$ 863,551.10</b>	<b>\$ 1,034,669.38</b>	<b>\$ 1,898,220.48</b>

The Town's governmental activities decreased the net assets by \$4,490.73, while business-type activities decreased net assets by \$5,575.89. Below is a summary of the statement of activities:

	Governmental Activities	Business-Type Activities	Total
<b>Revenues</b>			
Program Revenues	\$ 82,492.62	\$ 142,834.52	\$ 225,327.14
General Revenues	270,937.55	96,315.73	367,253.28
<b>Total Revenues</b>	<b>\$ 353,430.17</b>	<b>\$ 239,150.25</b>	<b>\$ 592,580.42</b>
<b>Expenses</b>			
General and Administrative	\$ 94,623.16	\$ .00	\$ 94,623.16
Public Safety	201,706.36	.00	201,706.36
Public Services	55,311.35	.00	55,311.35
Culture and Recreation	2,054.50	.00	2,054.50
Water & Sewer	.00	244,726.14	244,726.14
Interest on Long-Term Debt	4,225.53	.00	4,225.53
<b>Total Expenses</b>	<b>\$ 357,920.90</b>	<b>\$ 244,726.14</b>	<b>\$ 602,647.04</b>
<b>Increases(Decreases) in Net Assets</b>	<b>\$ (4,490.73)</b>	<b>\$ (5,575.89)</b>	<b>\$ (10,066.62)</b>
Net Assets – Jan 1, 2007	868,041.83	1,040,245.27	1,908,287.10
Net Assets – Dec 31, 2007	\$ 863,551.10	\$ 1,034,669.38	\$ 1,898,220.48

# PROGRAM REVENUES

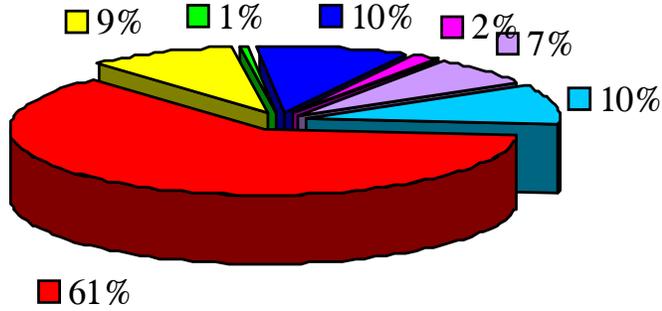


<span style="color: red;">■</span> General Government	<span style="color: yellow;">■</span> Public Safety	<span style="color: magenta;">■</span> Public Services
<span style="color: blue;">■</span> Water	<span style="color: green;">■</span> Sewer	

**Program Revenues Are Broken Down By:**

General Government	\$	.00
Public Safety		36,674.44
Public Services		45,818.18
Water		112,802.03
Sewer		30,032.49
Total Program Revenues		\$ 225,327.14

## GENERAL REVENUES



<span style="color: cyan;">■</span> Property Taxes	<span style="color: red;">■</span> Sales Taxes
<span style="color: yellow;">■</span> Franchise Taxes	<span style="color: green;">■</span> Alcoholic Beverage Tax
<span style="color: blue;">■</span> Occupational Licenses	<span style="color: magenta;">■</span> Investment Earnings
<span style="color: purple;">■</span> Other	

**General Revenues Consist of the Following:**

Property Taxes	\$ 36,758.78
Sales Taxes	226,830.63
Franchise Taxes	33,908.11
Alcoholic Beverage Tax	2,674.23
Occupational Licenses	35,807.91
Investment Earnings	6,134.89
Other	<u>25,138.73</u>
Total General Revenues	<u>\$ 367,253.28</u>

### Financial Analysis of the Government's Funds

The Town of Marion's governmental funds reported an ending fund balance of \$76,998.23, which is an increase of \$27,282.77.

The Town's proprietary fund shows ending net assets of \$1,034,669.38. The sales tax revenue for both funds showed a combined increase of \$87,448.23.

### General Fund Budgetary Highlights

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

1. The revenue was increased due to an unexpected increase in sales tax.
2. The expenditures were slightly increased due to salary increases.

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

### Capital Assets and Debt Administration

The total investment in net capital assets as of December 31, 2007 is \$1,717,199.97.

New major capital assets purchased in fiscal 2007 are:

1. The water department purchased a new 2008 Dodge Ram truck. This was funded by an LGAP grant. The total cost for this truck is \$15,000.00
2. A new copy machine was purchased for Town Hall. The total for this purchase was \$2,700.

At the beginning of the current fiscal year, the Town had an outstanding capital lease. This debt is financed through general fund revenues. The proceeds were used to buy a garbage truck in the fiscal year 2002. The truck is paid off completely as of June 8, 2007.

### Current Financial Factors

The Town is currently working on getting financing for new water well.

Sales tax collection through April 2008 is \$91,865.62, which is a 75% increase compared to the same period in 2007.

Utility collections for 2008 are \$54,030.46, which is a 6% decrease compared to the same period in 2007.

Fine collections through April 2008 are down \$1,565.50 compared to the same period in 2007.

The overall collections in the General Fund revenue are up \$30,685.44 compared to the same period in 2007.

**BASIC FINANCIAL STATEMENTS**

TOWN OF MARION  
MARION, LOUISIANA  
STATEMENTS OF NET ASSETS  
DECEMBER 31, 2007 AND 2006

EXHIBIT A

	GOVERNMENTAL ACTIVITIES	BUSINESS - TYPE ACTIVITIES	TOTALS	
			2007	2006
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 24,796.09	\$ 60,718.85	\$ 85,514.94	\$ 61,145.41
Investments	11,238.04	117,598.89	128,836.93	123,545.35
Receivables Net	34,655.12	50,103.08	84,758.20	39,750.99
Due from Other Funds	12,047.70	(12,047.70)	.00	.00
Prepaid Items	16,229.51	1,683.40	17,912.91	13,101.31
Accrued Interest	.00	118.00	118.00	70.00
Restricted Cash and Cash Equivalents	3,093.78	10,921.42	14,015.20	27,166.60
Restricted Investments	.00	14,317.57	14,317.57	13,938.51
Restricted Receivables : Due From Grant or Other Financing	.00	.00	.00	280,389.43
Capital Assets, Net	<u>887,008.09</u>	<u>830,191.88</u>	<u>1,717,199.97</u>	<u>1,809,861.27</u>
Total Assets	<u>\$ 989,068.33</u>	<u>\$ 1,073,605.39</u>	<u>\$ 2,062,673.72</u>	<u>\$ 2,368,968.87</u>
<b><u>LIABILITIES</u></b>				
Accounts Payable	\$ 18,448.79	\$ 20,409.67	\$ 38,858.46	\$ 16,307.59
Accrued Liabilities	6,613.22	3,696.34	10,309.56	9,505.71
Restricted Accounts Payable - Grant or Other Financing	.00	.00	.00	312,876.00
Restricted Liabilities: Accrued Interest Payable	1,530.22	.00	1,530.22	1,546.88
Restricted Liabilities: Customer Deposits	.00	14,830.00	14,830.00	12,510.00
Current Portion of Long-Term Obligations	.00	.00	.00	7,935.59
Restricted Liabilities: Current Portion of Long-Term Obligation	1,119.34	.00	1,119.34	1,075.00
Restricted Liabilities: Non-Current Portion of Long-Term Obligations	<u>97,805.66</u>	<u>.00</u>	<u>97,805.66</u>	<u>98,925.00</u>
Total Liabilities	<u>\$ 125,517.23</u>	<u>\$ 38,936.01</u>	<u>\$ 164,453.24</u>	<u>\$ 460,681.77</u>
<b><u>NET ASSETS</u></b>				
Invested in Capital Assets, Net of Related Debt	\$ 770,822.87	\$ 814,461.88	\$ 1,585,284.75	\$ 1,700,378.80
Restricted	3,093.78	.00	3,093.78	2,778.60
Unrestricted (Deficit)	<u>89,634.45</u>	<u>220,207.50</u>	<u>309,841.95</u>	<u>205,129.70</u>
Total Net Assets	<u>\$ 863,551.10</u>	<u>\$ 1,034,669.38</u>	<u>\$ 1,898,220.48</u>	<u>\$ 1,908,287.10</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, 2007 AND 2006

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities							
General and Administrative	\$ 94,623.16	\$ .00	\$ .00	\$ .00	\$ (94,623.16)	\$ .00	\$ (94,623.16)
Police Protection	122,255.61	19,162.00	4,349.96	.00	(98,743.65)	.00	(98,743.65)
Fire Protection	79,450.75	2,830.00	10,332.48	.00	(66,288.27)	.00	(66,288.27)
Public Works	28,866.81	5,120.76	.00	.00	(23,766.05)	.00	(23,766.05)
Sanitation	26,424.54	38,977.50	1,719.92	.00	14,272.88	.00	14,272.88
Culture and Recreation	2,054.50	.00	.00	.00	(2,054.50)	.00	(2,054.50)
Interest on Long Term Debt	4,225.53	.00	.00	.00	(4,225.53)	.00	(4,225.53)
Total Governmental Activities	\$ 357,920.90	\$ 66,090.20	\$ 16,402.36	\$ .00	\$ (275,428.28)	\$ .00	\$ (275,428.28)
Business Type Activities							
Water	\$ 156,310.45	\$ 97,802.03	\$ .00	\$ 15,000.00	\$ .00	\$ (43,508.42)	\$ (43,508.42)
Sewer	88,415.69	30,032.49	.00	.00	(58,383.20)	.00	(58,383.20)
Total Business Type Activities	\$ 244,726.14	\$ 127,834.52	\$ .00	\$ 15,000.00	\$ .00	\$ (101,891.62)	\$ (101,891.62)

General Revenues:

Taxes:	Property Taxes Levied for General Purposes	Franchise Taxes	Sales Taxes	Alcoholic Beverage Tax	Licenses and Permits	Interest Income	Miscellaneous	Proceeds (Loss) from Sale of Assets	Donation of Capital Assets	Total General Revenues
	\$ 36,758.78	\$ 33,908.11	\$ 136,098.40	\$ 2,674.23	\$ 35,807.91	\$ 665.96	\$ 1,529.95	\$ (1,505.79)	\$ 25,000.00	\$ 270,937.33
										\$ 96,315.73
Change in Net Assets										\$ (4,490.73)
Net Assets - Beginning of the Year										\$ 868,041.83
Net Assets - End of the Year										\$ 863,551.10

The accompanying notes are an integral part of these statements.

TOWN OF MARION  
MARION, LOUISIANA  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2007 AND 2006

EXHIBIT C

	<u>TOTALS</u>	
	2007	2006
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 24,796.09	\$ 36,275.48
Investments	11,238.04	10,434.37
Receivables Net		
Ad Valorem Taxes	4,549.36	4,293.56
Sales and Use Taxes	30,105.76	7,656.73
Due from Other Funds:		
Enterprise Fund	12,047.70	9,997.50
Prepaid Items	16,229.51	9,468.50
Restricted Assets:		
Cash and Cash Equivalents	3,093.78	17,676.12
Restricted Receivables:		
Capital Outlay Cash Receivable	.00	280,389.43
<u>TOTAL ASSETS</u>	<u>\$ 102,060.24</u>	<u>\$ 376,191.69</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts Payable	\$ 18,448.79	\$ 319,435.49
Accrued Liabilities	6,613.22	7,040.74
Total Liabilities	<u>\$ 25,062.01</u>	<u>\$ 326,476.23</u>
 <u>FUND BALANCE:</u>		
Unreserved and Undesignated	\$ 73,904.45	\$ 46,936.86
Restricted	3,093.78	2,778.60
Total Fund Balance	<u>\$ 76,998.23</u>	<u>\$ 49,715.46</u>
 <u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 102,060.24</u>	<u>\$ 376,191.69</u>

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, 2007 AND 2006

	TOTALS	
	2007	2006
<u>FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</u>	\$ 76,998.23	\$ 49,715.46
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Governmental Capital Assets	1,263,057.47	1,233,080.09
Less: Accumulated Depreciation	(376,049.38)	(305,271.25)
<p>Long-term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Capital Lease Obligations	.00	(7,935.59)
Bonds Payable - Fire Station Project	(98,925.00)	(100,000.00)
Accrued Interest Payable	(1,530.22)	(1,546.88)
<u>NET ASSETS OF GOVERNMENTAL ACTIVITIES</u>	<u>\$ 863,551.10</u>	<u>\$ 868,041.83</u>

The accompanying notes are an integral part of this statement.

TOWN OF MARION

EXHIBIT D

MARION, LOUISIANA

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	TOTALS	
	(MEMO ONLY)	
	2007	2006
<u>REVENUES</u>		
Property Taxes	\$ 36,758.78	\$ 34,695.78
Franchise Taxes	33,908.11	36,019.41
Sales Taxes	136,098.40	86,497.75
Licenses and Permits	35,807.91	36,425.31
Intergovernmental	2,674.23	2,061.89
Sanitation Fees	38,977.50	39,517.50
Fines	19,162.00	6,610.50
Interest Income	665.96	1,157.76
Miscellaneous	1,529.95	4,688.64
Fire Department- Insurance Rebate	10,332.48	9,779.13
Police Supplemental Pay	4,349.96	7,199.96
Landfill Rebate	1,719.92	1,719.91
Grants - Fire Project	.00	472,898.01
DOTD - Street Reimbursement	5,120.76	5,120.76
Donations	25,000.00	.00
Fire Station Revenue	2,830.00	.00
Total Revenues	<u>\$ 354,935.96</u>	<u>\$ 744,392.31</u>
<u>EXPENDITURES</u>		
General and Administrative	\$ 86,227.39	\$ 79,247.39
Police Protection	118,755.01	111,628.41
Fire Protection	23,286.92	23,139.95
Public Works	25,061.66	29,526.38
Sanitation Department	18,999.12	20,107.43
Culture and Recreation	2,054.50	1,697.13
Debt Service:		
Principal	9,010.59	15,284.36
Interest	4,242.19	821.20
Capital Outlays	40,015.81	522,569.74
Total Expenditures	<u>\$ 327,653.19</u>	<u>\$ 804,021.99</u>
Excess of Revenues Over Expenditures	<u>\$ 27,282.77</u>	<u>\$ (59,629.68)</u>
<u>OTHER FINANCING SOURCES (USED)</u>		
Operating Transfers From (To) Capital		
Projects Fund	\$ .00	\$ .00
Proceeds from Loan	.00	1,624.63
Total Other Financing Sources (Uses)	<u>\$ .00</u>	<u>\$ 1,624.63</u>
Net Change in Fund Balance	\$ 27,282.77	\$ (58,005.05)
Fund Balance, Beginning of Year	<u>49,715.46</u>	<u>109,439.26</u>
Fund Balance, End of Year	<u>\$ 76,998.23</u>	<u>\$ 51,434.21</u>

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, 2007 AND 2006

EXHIBIT D-1

	2007	2006
<u>Net change in fund balances - total governmental funds</u>	\$ 27,282.77	\$ (58,005.05)

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	40,015.81	522,569.74
Less Current Year Depreciation	(79,310.77)	(56,260.05)

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.	(1,505.79)	.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	9,010.59	15,284.36
--------------------	----------	-----------

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	(1,624.63)
--	-----	------------

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.	16.66	(1,546.88)
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<u>Change in net assets of governmental activities</u>	<u>\$ (4,490.73)</u>	<u>\$ 420,417.49</u>
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The accompanying notes are an integral part of these statements.

TOWN OF MARION  
MARION, LOUISIANA  
STATEMENTS OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2007 AND 2006

EXHIBIT E

	<u>WATER AND SEWER</u>	
	2007	2006
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 60,718.85	\$ 24,869.93
Accounts Receivable, Net	50,103.08	27,800.70
Investments	117,598.89	113,110.98
Prepaid Items	1,683.40	3,632.81
Accrued Interest Receivable	118.00	70.00
Total Current Assets	\$ 230,222.22	\$ 169,484.42
<u>Non-Current Assets</u>		
Restricted Assets:		
Cash and Cash Equivalents	\$ 10,921.42	\$ 9,490.48
Water Fund - Meter Deposits	14,317.57	13,938.51
Total Restricted Assets	\$ 25,238.99	\$ 23,428.99
<u>Capital Assets</u>		
Property, Plant, and Equipment, at Cost	\$ 1,818,830.04	\$ 1,801,702.54
Less: Accumulated Depreciation	(1,014,145.16)	(945,157.11)
Land	25,507.00	25,507.00
Total Capital Assets	\$ 830,191.88	\$ 882,052.43
Total Non-Current Assets	\$ 855,430.87	\$ 905,481.42
<u>Total Assets</u>	\$ 1,085,653.09	\$ 1,074,965.84
<u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities:</u>		
Current Liabilities (Payable from Current Assets):		
Accounts Payable	\$ 20,409.67	\$ 9,748.10
Accrued Liabilities	3,696.34	2,464.97
Due to General Fund	12,047.70	9,997.50
Total Current Liabilities (Payable from Current Assets)	\$ 36,153.71	\$ 22,210.57
Current Liabilities (Payable from Restricted Assets):		
Customers' Deposits	\$ 14,830.00	12,510.00
Total Current Liabilities (Payable from Restricted Assets)	\$ 14,830.00	\$ 12,510.00
Total Current Liabilities	\$ 50,983.71	\$ 34,720.57
Long-Term Liabilities:		
Total Long-Term Liabilities	.00	.00
Total Liabilities	\$ 50,983.71	\$ 34,720.57

TOWN OF MARION  
MARION, LOUISIANA  
STATEMENTS OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2007 AND 2006

EXHIBIT E  
CONTINUED

	<u>WATER AND SEWER</u>	
	2007	2006
<u>Net Assets:</u>		
Invested in Capital Assets Net of Related Debt	\$ 814,461.88	\$ 882,052.43
Unrestricted	220,207.50	158,192.84
Total Net Assets	<u>\$ 1,034,669.38</u>	<u>\$ 1,040,245.27</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 1,085,653.09</u>	<u>\$ 1,074,965.84</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, 2007 AND 2006

EXHIBIT F

	BUSINESS - TYPE ACTIVITIES		TOTAL	
	ENTERPRISE FUND			
	WATER	SEWER	2007	2006
<u>Operating Revenues:</u>				
Charges for Services	\$ 97,802.03	\$ 30,032.49	\$ 127,834.52	\$ 139,332.00
Sales Tax	90,732.23	.00	90,732.23	52,884.65
Miscellaneous	114.57	.00	114.57	710.26
Total Operating Revenues	\$ 188,648.83	\$ 30,032.49	\$ 218,681.32	\$ 192,926.91
<u>Operating Expenses:</u>				
Salaries and Employee Benefits	\$ 49,118.66	\$ 49,393.21	\$ 98,511.87	\$ 93,039.37
Office Supplies	4,030.00	2,973.70	7,003.70	6,232.60
Professional Fees	2,625.00	2,625.00	5,250.00	4,703.56
Repairs and Maintenance	33,125.89	3,834.64	36,960.53	47,756.25
Sales Taxes	217.19	.00	217.19	549.34
Vehicle Expense	3,419.86	3,367.85	6,787.71	7,917.79
Utilities and Telephone	5,934.73	2,228.17	8,162.90	8,567.87
Depreciation and Amortization	50,780.95	18,207.10	68,988.05	61,062.60
EPA Testing	.00	2,159.00	2,159.00	796.00
Insurance	3,648.09	3,513.72	7,161.81	10,263.75
Bad Debts	3,086.77	.00	3,086.77	2,988.82
Miscellaneous	323.31	113.30	436.61	1,124.08
Total Operating Expenses	\$ 156,310.45	\$ 88,415.69	\$ 244,726.14	\$ 245,002.03
Net Operating Income (Loss)	\$ 32,338.38	\$ (58,383.20)	\$ (26,044.82)	\$ (52,075.12)
<u>Non-Operating Revenues (Expenses):</u>				
Investment Interest	\$ 5,468.93	\$ .00	\$ 5,468.93	\$ 5,375.56
Grant Income - LMA	15,000.00	.00	15,000.00	.00
Grant Income - LCDBG	.00	.00	.00	270,845.94
Disposal of Sewer Assets	.00	.00	.00	(2,231.90)
Total Non-Operating Revenues (Expenses)	\$ 20,468.93	\$ .00	\$ 20,468.93	\$ 273,989.60
Net Income (Loss) Before Contributions and Transfers			\$ (5,575.89)	\$ 221,914.48
<u>Capital Contributions</u>			.00	.00
Change in Net Assets			\$ (5,575.89)	\$ 221,914.48
Net Assets - Beginning of the Year			1,040,245.27	818,330.79
<u>Net Assets - End of the Year</u>			\$ 1,034,669.38	\$ 1,040,245.27

The accompanying notes are an integral part of this statement.

TOWN OF MARION  
MARION, LOUISIANA0  
STATEMENTS OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

EXHIBIT G

	<u>BUSINESS-TYPE ACTIVITIES -</u>	
	<u>ENTERPRISE FUND</u>	
	<u>2007</u>	<u>2006</u>
<u>Cash Flows from Operating Activities</u>		
Receipts from Customers	\$ 133,325.94	\$ 135,642.77
Payments to Suppliers	(74,237.90)	(82,601.63)
Payments to Employees	(98,051.07)	(92,550.55)
Other Receipts (Payments)	75,766.23	55,583.50
Net Cash Provided by Operating Activities	\$ 36,803.20	\$ 16,074.09
 <u>Cash Flows from Noncapital Financing Activities</u>		
Transfers from General Fund	\$ (2,050.20)	\$ (12,825.00)
Net Cash Flows from Noncapital Financing Activities	\$ (2,050.20)	\$ (12,825.00)
 <u>Cash Flows from Capital and Related Financing Activities:</u>		
Proceeds from Grant from LCDBG	\$ 15,000.00	\$ 271,514.94
Purchase of Capital Assets	(17,127.50)	(318,013.72)
Disposal of Assets	.00	(2,231.90)
Net Cash (Used) by Capital and Related Financing Activities	\$ (2,127.50)	\$ (48,730.68)
 <u>Cash Flows from Investing Activities:</u>		
Investments in Certificate of Deposits	\$ .00	\$ 18,150.60
Interest Earned on Investments	5,009.12	3,103.57
Net Cash Provided (Used) by Investing Activities	\$ 5,009.12	\$ 21,254.17
 Net Increase (Decrease) in Cash and Cash Equivalents	\$ 37,634.62	\$ (24,227.42)
 <u>Cash and Cash Equivalents at December 31, 2006</u>	\$ 34,360.41	\$ 58,587.83
 <u>Cash and Cash Equivalents at December 31, 2007</u>	\$ 71,995.03	\$ 34,360.41
 <u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets</u>		
Cash	\$ 60,718.85	\$ 24,869.93
Restricted Assets		
Meter Deposits	10,921.42	9,490.48
<u>Net Cash and Cash Equivalents</u>	\$ 71,640.27	\$ 34,360.41
 <u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>		
Operating Income (Loss)	\$ (26,044.82)	\$ (52,075.12)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	68,988.05	61,062.60
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable (Net)	(22,302.38)	4,288.44
(Increase) Decrease in Prepaid Items	1,949.41	63.41
Increase (Decrease) in Accounts Payable	10,661.57	5,414.08
Increase (Decrease) in Accrued Liabilities	1,231.37	(489.32)
Increase (Decrease) in Customer Deposits	2,320.00	(2,190.00)
<u>Net Cash Provided (Used) by Operating Activities</u>	\$ 36,803.20	\$ 16,074.09

The accompanying notes are an integral part of this statement.

TOWN OF MARION  
MARION, LOUISIANA  
INDEX TO NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007

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TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

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 8 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:

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

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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, 2007

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, 2007

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:

	<u>CUSTOMER DEPOSITS</u>
Cash Checking	\$ 10,921.42
Certificate of Deposits	14,317.57
Total	\$ 25,238.99

The general fund includes savings that are restricted by an agreement with the US Department of Agriculture. (See note #7 for further information.)

	<u>BOND FUND RESERVES</u>
Passbook Savings	\$ 3,093.78

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		

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.

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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, 2007, 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 \$98,925 not including interest.

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.

U. S. Department of Agriculture Bonds	
Sinking Fund	\$ 2,185.31
Reserve Fund	<u>908.47</u>
Total Restricted Net Assets	<u>\$ 3,093.78</u>

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

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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.

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, 2007, the Town has cash and investments totaling \$ 242,684.64, as follows:

	<u>2007</u>
Cash in Checking or On Hand	\$ 85,514.94
Certificates of Deposits	128,836.93
Restricted Assets (Cash)	14,015.20
Restricted Assets (Investments)	<u>14,317.57</u>
Total	<u>\$ 242,684.64</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These securities are held in the name of the pledging bank in a holding or custodial bank that is mutually acceptable to both parties. The State of Louisiana banking regulations require the FDIC to insure \$100,000 of non-interest bearing accounts, and \$100,000 of interest bearing accounts for the municipality. The Marion State Bank has pledged security with a face value of \$250,000 and a market value of \$245,318. Cash, cash equivalents and investments (bank balances), at December 31, 2007, are secured as follows:

Bank Balances	<u>\$ 242,584.64</u>
Federal Deposit Insurance	\$ 100,000.00
Pledge Securities	<u>142,584.64</u>
Total	<u>\$ 242,584.64</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>569.86</u>	<u>.00</u>	<u>142,014.78</u>	<u>142,584.64</u>
Total Investments	<u>\$ 569.86</u>	<u>\$ .00</u>	<u>\$ 142,014.78</u>	<u>\$ 142,584.64</u>

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

NOTE # 2 - CASH AND INVESTMENTS CONTINUED

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. Unpaid earned interest was accrued at year end in the amount of \$118.00.

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, 2007, taxes of 6.25 mills were levied on property with assessed valuations totaling \$5,934,980 and were dedicated as follows:

General Fund                  6.25 Mills

Total taxes levied in 2007 are \$ 37,094.42.

NOTE # 4 - RECEIVABLES

A summary of receivables as of December 31, 2007, follows:

<u>General Fund</u>	<u>2007</u>
Property Taxes	\$ 4,549.36
Beer Taxes	.00
Sales Taxes	<u>30,105.76</u>
Total General Fund	<u>\$ 34,655.12</u>
<u>Enterprise Fund Water/Sewerage</u>	
Trade Accounts	\$ 18,119.34
Allowance for Doubtful Accounts	<u>3,086.77</u>
Total Trade Accounts	\$ 15,032.57
Sales Taxes	20,070.51
Due from the State of Louisiana	<u>15,000.00</u>
Total Enterprise Fund Water/Sewerage	<u>\$ 50,103.08</u>
Total All Funds	<u>\$ 84,758.20</u>

Aged Accounts Receivable Water Customers:

<u>TOTAL</u>	<u>CURRENT</u>	<u>DAYS</u> <u>30 - 60</u>	<u>DAYS</u> <u>60 - 90</u>	<u>DAYS</u> <u>OVER 90</u>
<u>\$ 18,119.34</u>	<u>\$ 11,910.27</u>	<u>\$ 4,679.35</u>	<u>\$ 1,187.30</u>	<u>\$ 342.42</u>

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

NOTE # 5 - WATER & SEWER STATISTICS

MONTHLY RATES FOR SERVICES

Water Rates are:

0 - 2,000 Gal.	\$ 15.00
Over 2,000 Gal.	\$ 1.50/1,000 Gal.

Sewer Rates are based on water usage:

Regular and Industry Customers	0 - 2,000 Gal.	\$ 5.00
Regular Customers	Over 2,000 Gal.	\$ 1/1,000 Gal. Max. \$13
Industry Customers	Over 2,000 Gal.	\$ 1/1,000 Gal. No Max.

Garbage Rates are:

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

Sales Tax is charged at 3.8% for non government owned commercial water customers (only) on water charges. 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. Utility deposits are \$100 per meter for residential and \$150 for all others.

ESTIMATED USAGE

The estimated gallons of water billed during 2007 are 23,322,544 gallons for 374 customers. The population of Marion is 806. The average monthly gallons of water sold dropped from 2006 to 2007 by 469,000 gallons. This drop is in part due to the closing of Edgewood Clinic. The clinic's average water use was 276,000 a month.

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.

NOTE # 7 - RESTRICTED ASSETS

WATER/SEWER

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

Customers' Deposits on Meters	\$ 25,238.99
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The liability for customer's deposits on meters is \$14,830.00. The Town has over funded this restricted asset by \$10,408.99.

GENERAL FUND

	<u>2007</u>
Fire Bond Sinking Fund	\$ 2,185.31
Fire Bond Reserve Fund	278.69
Fire Bond Depreciation Fund	314.89
Fire Bond Contingency Fund	<u>314.89</u>
Total	<u>\$ 3,093.78</u>

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

NOTE # 8 - CAPITAL ASSETS

Capital Asset activity for the year ended December 31, 2007 is as follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BEGINNING</u> <u>BALANCE</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>ENDING</u> <u>BALANCE</u>
Land	\$ 16,725.00	\$ .00	\$ .00	\$ 16,725.00
Buildings	469,023.76	25,000.00	.00	494,023.76
Improvements Other Than Buildings	102,564.00	.00	.00	102,564.00
Machinery and Equipment	624,517.33	15,015.81	(10,038.43)	629,494.71
Infrastructure	20,250.00	.00	.00	20,250.00
Totals at Historical Cost	<u>\$ 1,233,080.09</u>	<u>\$ 40,015.81</u>	<u>\$ (10,038.43)</u>	<u>\$ 1,263,057.47</u>
Less: Accumulated Depreciation for:				
Buildings	\$ (12,810.82)	\$ (15,434.13)	\$ .00	\$ (28,244.95)
Improvements	(54,700.72)	(6,837.59)	.00	(61,538.31)
Machinery and Equipment	(235,481.58)	(56,532.80)	8,532.64	(283,481.74)
Infrastructure	(2,278.13)	(506.25)	.00	(2,784.38)
Total Accumulated Depreciation	<u>\$ (305,271.25)</u>	<u>\$ (79,310.77)</u>	<u>\$ 8,532.64</u>	<u>\$ (376,049.38)</u>
<u>GOVERNMENTAL ACTIVITIES</u> <u>CAPITAL ASSETS NET</u>	<u>\$ 927,808.84</u>	<u>\$ (39,294.96)</u>	<u>\$ (1,505.79)</u>	<u>\$ 887,008.09</u>
<u>BUSINESS-TYPE ACTIVITIES</u>				
Land	\$ 25,507.00	\$ .00	\$ .00	\$ 25,507.00
Construction in Process	.00	.00	.00	0.00
Buildings	15,000.00	.00	.00	15,000.00
Water System	1,028,731.68	.00	.00	1,028,731.68
Sewer System	662,871.87	.00	.00	662,871.87
Machinery and Equipment	95,098.99	17,127.50	.00	112,226.49
Totals at Historical Cost	<u>\$ 1,827,209.54</u>	<u>\$ 17,127.50</u>	<u>\$ .00</u>	<u>\$ 1,844,337.04</u>
Less: Accumulated Depreciation for:				
Buildings	\$ (3,269.27)	\$ (384.62)	\$ .00	\$ (3,653.89)
Water System	(721,544.84)	(45,108.32)	.00	(766,653.16)
Sewer System	(140,576.51)	(18,207.10)	.00	(158,783.61)
Machinery and Equipment	(79,766.49)	( 5,288.01)	.00	(85,054.50)
Total Accumulated Depreciation for:	<u>\$ (945,157.11)</u>	<u>\$ (68,988.05)</u>	<u>\$ .00</u>	<u>\$ (1,014,145.16)</u>
<u>BUSINESS-TYPE ACTIVITIES</u> <u>CAPITAL ASSETS NET</u>	<u>\$ 882,052.43</u>	<u>\$ (51,860.55)</u>	<u>\$ .00</u>	<u>\$ 830,191.88</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

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

NOTE # 9 PENSION PLANS CONTINUED

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 \$10,500 for each employee for the year 2007.

The maximum contributions increase due to the age of the individual and the year of the contributions. The employer matches either a dollar for dollar contribution up to 3% of employees' compensation or a fixed nonelective 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 \$4,840.90 for 2007.

NOTE # 10 ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at December 31, 2007:

<u>CLASS OF PAYABLE</u>	<u>GOVERNMENTAL FUND</u>	<u>PROPRIETARY FUNDS</u>	<u>TOTAL</u>
Accounts	\$ 18,448.79	\$ 20,409.67	\$ 38,858.46
Withholding and Payroll Accruals	5,909.22	3,065.34	8,974.56
Accrued Vacations and Salaries	704.00	592.00	1,296.00
Accrued Sales Taxes	.00	39.00	39.00
Due to General Fund	.00	12,047.70	12,047.70
Accrued Interest Payable	<u>1,530.22</u>	<u>.00</u>	<u>1,530.22</u>
Totals	<u>\$ 26,592.23</u>	<u>\$ 36,153.71</u>	<u>\$ 62,745.94</u>

NOTE # 11 - NOTES AND CAPITAL LEASES

Notes payable and capital leases at December 31, 2007 are comprised of the following:

1. Regions Leasing

The Town entered into a financing lease with Regions Leasing on November 12, 2001 for a maximum amount of \$150,000. The interest rate was 5.04%. The lease was used to buy a new garbage truck costing \$76,254.16.

Lease on Garbage Truck  
 Original Note: \$76,254.16  
 Date: July 2, 2002  
 Interest: 5.04%  
 Monthly Payment: \$1,342.13

Total interest and principal paid in 2007 were \$117.19 and \$7,935.59 respectively. The Town paid the final payment in June 2007.

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.

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

NOTE # 11 - NOTES AND CAPITAL LEASES CONTINUED

Annual payments of \$5,200 are due on August 18 of each year from 2007 to 2045 at an annual interest rate of 4.125%. Interest paid in 2007 equaled \$4,125. The bond balance owed at year end is \$98,925.20. A schedule of annual payments are listed below:

YEAR ENDING 12/31	PRINCIPAL	INTEREST	TOTAL PAYMENTS
2008	\$ 1,119.34	\$ 4,080.66	\$ 5,200.00
2009	1,165.52	4,034.48	5,200.00
2010	1,213.59	3,986.41	5,200.00
2011	1,263.65	3,936.35	5,200.00
2012	1,315.78	3,884.22	5,200.00
2013-2017	7,439.23	18,560.77	26,000.00
2018-2022	9,105.47	16,894.53	26,000.00
2023-2027	11,144.95	14,855.05	26,000.00
2028-2032	13,641.21	12,358.79	26,000.00
2033-2037	16,696.60	9,303.40	26,000.00
2038-2042	20,436.34	5,563.66	26,000.00
2043-2045	14,383.32	1,202.02	15,585.34
Total	<u>\$ 98,925.00</u>	<u>\$ 98,660.34</u>	<u>\$ 197,585.34</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 \$908.47.

Sinking Fund:

The Town created a sinking fund to reserve each year's bond payments. On August 20, 2007, the amount of the monthly deposits is \$433.34 with the last payment due on July 20, 2045.

As of the year end, this sinking fund has a \$2,185.31 balance.

NOTE # 12 - DEFICIT FUND EQUITY

As of December 31, 2007 no Town funds had deficit fund equities.

NOTE # 13 - INTERFUND BALANCES AND TRANSFERS

The Water and Sewer Department collects and bills garbage fees. Garbage revenue is revenue of the General Fund. At December 31, 2007 the Water and Sewer Department owed the General Fund \$11,930.16 in garbage fees and another 117.54 in miscellaneous fees

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

NOTE # 13 - INTERFUND BALANCES AND TRANSFERS CONTINUED

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, 2007.

Due to General Fund from the Enterprise Fund Representing Garbage Revenue	\$ 11,930.16
Due to General Fund from the Enterprise Fund Representing Miscellaneous Fees	<u>117.54</u>
Total	<u>\$ 12,047.70</u>

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

Due from Other funds, Balance Sheet (Net) - Governmental Funds	\$ 12,047.70
Due to Other funds, Statement of Net Assets - Proprietary Funds	<u>(12,047.70)</u>
Total	<u>\$ .00</u>

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, 2007, is as follows:

Current Assets	\$ 230,222.22
Restricted Assets	25,238.99
Capital Assets, Net	<u>830,191.88</u>
Total Assets	\$ 1,085,653.09
Current Liabilities	36,153.71
Current Liabilities from Restricted Assets	<u>14,830.00</u>
Total Net Assets	<u>\$ 1,034,669.38</u>
Invested in Capital Assets, Net	\$ 814,461.88
Unrestricted	<u>220,207.50</u>
Total	<u>\$ 1,034,669.38</u>
Operating Revenues:	
Water Sales and Service	\$ 97,916.60
Sewer Sales and Service	30,032.49
Sales Taxes	<u>90,732.23</u>
Total Operating Revenues	\$ 218,681.32
Operating Expenses	\$ 175,738.09
Depreciation	68,988.05
Operating Losses	.00
Non-Operating Revenue	<u>20,468.93</u>
Change in Net Assets	<u>\$ (5,575.89)</u>

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

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	\$ 60,718.85
Restricted	10,921.42
Total	\$ 71,640.27

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 13 payments in 2007 totaling \$ 1,400.00. The balance owed to the Town at the end of the year is \$53,700. This debt will take 38 years to collect.

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 expenditures of the fire department are funded by an annual fire insurance rebate, which is included in the transactions of the General Fund. The Volunteer Fire Department has a separate tax identification number for a non-profit corporation. According to the Mayor, the purpose of this non-profit corporation is to provide equipment and other support to the Town's Fire Department. Revenue is received from interest, dues, donations and gross proceeds from the Marion Mayhaw Festival. 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 Marion Police Reserves is operated by the chief of police for the Town's police reserves. This organization funds their activities through private fund raisers. We have no information regarding this organization and have not reviewed or audited their financial statements.

The Town applied for \$800,000 from LCDBG and \$1,091,175 from the USDA funds to finance the drilling of two water wells and the construction of a 100,000 gallon elevated water storage tank. There were no expenditures in 2007 related to this project.

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.

**REQUIRED SUPPLEMENTAL INFORMATION**

STATEMENT A

TOWN OF MARION  
MARION, LOUISIANA  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>ORIGINAL</u> <u>DECEMBER 12,</u> <u>2006</u> <u>BUDGET</u>	<u>AMENDED</u> <u>DECEMBER 11,</u> <u>2007</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
<u>REVENUE</u>				
Total Revenues	\$ 227,520.00	\$ 323,440.00	\$ 354,935.96	\$ 31,495.96
<u>EXPENDITURES</u>				
Current				
General and Administrative	\$ 71,810.00	\$ 79,890.00	\$ 86,227.39	\$ (6,337.39)
Police Protection	102,400.00	126,170.00	118,755.01	7,414.99
Fire Protection	48,220.00	26,670.00	23,286.92	3,383.08
Public Works	27,150.00	26,650.00	25,061.66	1,588.34
Sanitation Department	26,190.00	17,315.00	18,999.12	(1,684.12)
Culture and Recreation	1,750.00	1,890.00	2,054.50	(164.50)
Total Expenditures	\$ 277,520.00	\$ 278,585.00	\$ 274,384.60	\$ 4,200.40
<u>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</u>				
	\$ .00	\$ 44,855.00	\$ 80,551.36	\$ 35,696.36
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers From (To) Capital Projects Fund	.00	(44,855.00)	(40,015.81)	\$ 4,839.19
<u>PAYMENTS FOR ACQUISITION OF CAPITAL ASSETS</u>				
	.00	.00	(13,252.78)	(13,252.78)
<u>PAYMENTS TO LONG-TERM DEBT</u>				
	.00	.00	27,282.77	\$ 27,282.77
<u>EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES) BEFORE EXTRAORDINARY ITEM</u>				
	49,715.46	49,715.46	49,715.46	.00
<u>FUND BALANCE: BEGINNING</u>				
	49,715.46	49,715.46	76,998.23	\$ 27,282.77
<u>FUND BALANCE: ENDING</u>				

See accompanying notes and auditors' report.

OTHER SUPPLEMENTAL INFORMATION

TOWN OF MARION  
MARION, LOUISIANA  
SCHEDULE OF COMPENSATION PAID TO THE ELECTED OFFICIALS  
FOR THE YEAR ENDED DECEMBER 31, 2007

SCHEDULE 1

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	25,400.00

The council members' term of office expires December 2010.

See accompanying notes and auditors' report.

SCHEDULE 2

TOWN OF MARION  
MARION, LOUISIANA  
SCHEDULE OF INSURANCE IN FORCE (UNAUDITED)  
DECEMBER 31, 2007

<u>INSURANCE COMPANY</u>	<u>POLICY</u>	<u>DATE</u>	<u>COVERAGE TYPE</u>	<u>AMOUNT</u>	<u>PREMIUM</u>
The Hanover Insurance Group	FD0875570503	03/06/08 - 03/06/09	Building Insurance 398 Main Street Building Contents 111 Gayle Street Building Contents Co-insurance Deductible	\$ 189,500.00 15,000.00 367,500.00 50,000.00 80% 1,000.00	\$ 3,858.10
EMC Insurance Companies	T224448-06	02/10/08 - 02/10/09	Bond - Government Crime Policy	25,000.00	100.00
Louisiana Municipal Risk Management Agency	100-0149- 00011771	05/01/08 - 05/01/09	Comprehensive General Liability Bodily Injury and Property Damage Medical Payments Per Person Medical Payments Per Accident First Legal Liability Per Occurrence Deductible Auto General Liability Auto Limit Medical - Per Person Medical - Per Accident Fire Legal Liabilities - Per Occurrence	500,000.00 1,000.00 10,000.00 50,000.00 None 500,000.00 1,000.00 10,000.00 50,000.00	12,123.00 8,704.00
			Law Enforcement Officers Deductible Limit Public Officials Errors and Omissions Liability Deductibles Limits	1,000.00 500,000.00 1,000.00 500,000.00	3,680.00 2,329.00

Essex Insurance Co.	5CB5886	12/19/07 - 12/19/08	Commercial Property 2003 International Garbage Truck Deductible	68,829.00 1,000.00	2,348.85
			2005 Crown Victoria Deductible	19,777.00 1,000.00	
Essex Insurance Co.	5CB5885	12/19/07 - 12/19/08	1987 Spartan Pumper Truck With Equipment Deductible	44,057.00 30,673.00 10,000.00	6,836.55
			Commercial Property		
			2005 Sterling Fire Truck	150,000.00	
			2005 Sterling Fire Truck Deductible	150,000.00 10,000.00	
Louisiana Risk Management	-		Workmen's Compensation		9,310.64
			Each Accident	100,000.00	
			Policy Limit	500,000.00	
			Each Employee	100,000.00	
Vantage Health Plan, Inc.	-		Employee Health and Accident		26,126.40
			HMO Single Per Month Premium	348.28	
			HMO Single With Children	661.73	
Broker's National Insurance			Employee Dental Plan		2,478.10
			Single Per Month Premium	37.30	
			Single With Children Per Month	106.70	

See accompanying notes and auditors' report.

TOWN OF MARION  
MARION, LOUISIANA  
CASH ACCOUNTS AND INVESTMENTS  
DECEMBER 31, 2007

SCHEDULE 3

	<u>INTEREST</u> <u>RATE</u>	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS -TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u> <u>FUNDS</u>
<u>CASH ACCOUNTS</u>				
Regular Checking	.75%	\$ 24,796.09	\$ 60,618.85	\$ 85,414.94
Petty Cash	-	.00	100.00	100.00
Total		<u>\$ 24,796.09</u>	<u>\$ 60,718.85</u>	<u>\$ 85,514.94</u>
 <u>INVESTED FUNDS</u>				
Certificate of Deposit	2.70%	\$ 11,238.04	\$ .00	\$ 11,238.04
Certificate of Deposit	4.15%	.00	117,598.89	117,598.89
Total		<u>\$ 11,238.04</u>	<u>\$ 117,598.89</u>	<u>\$ 128,836.93</u>
 <u>RESTRICTED FUNDS</u>				
Water Dept. Utility Deposits:				
Checking	.75%	\$ .00	\$ 10,921.42	\$ 10,921.42
Certificate of Deposit	4.11%	.00	14,317.57	14,317.57
Passbook Fire Bond Sinking Fund	1.00%	2,185.31	.00	2,185.31
Passbook Fire Bond Reserve Fund	1.00%	278.69	.00	278.69
Passbook Fire Bond Depreciation Fund	1.00%	314.89	.00	314.89
Passbook Fire Bond Contingency Fund	1.00%	314.89	.00	314.89
Total		<u>\$ 3,093.78</u>	<u>\$ 25,238.99</u>	<u>\$ 28,332.77</u>
 <u>GRAND TOTALS</u>		 <u>\$ 39,127.91</u>	 <u>\$ 203,556.73</u>	 <u>\$ 242,684.64</u>

See accompanying notes and auditors' report.

SCHEDULE 4

TOWN OF MARION  
MARION, LOUISIANA  
ENTERPRISE FUND - WATER AND SEWER DEPARTMENT  
SCHEDULE OF UTILITY PLANT AND EQUIPMENT  
DECEMBER 31, 2007

	<u>ACQUIRED</u>	<u>LIFE</u>	<u>COST</u>	<u>DEPRECIATION</u>	<u>NET</u>	<u>CURRENT DEPRECIATION</u>
<u>BUILDINGS AND IMPROVEMENTS</u>		39	\$ 15,000.00	\$ 3,653.89	\$ 11,346.11	\$ 384.62
<u>INFRASTRUCTURE</u>						
Water System		5 - 40	\$ 708,011.68	\$ 498,872.12	\$ 209,139.56	\$ 30,336.53
Water Storage Tanks		20 - 40	320,720.00	267,781.04	52,938.96	14,771.79
Sewer System		20 - 40	662,871.86	158,783.61	504,088.25	18,207.10
			<u>\$ 1,691,603.54</u>	<u>\$ 925,436.77</u>	<u>\$ 766,166.77</u>	<u>\$ 63,315.42</u>
<u>MACHINERY AND EQUIPMENT</u>						
Computer Equipment		3 - 10	\$ 4,777.00	\$ 4,063.95	\$ 713.05	\$ 109.70
Gas Powered Jetter	01/14/00	5	3,615.08	3,615.08	.00	.00
Tractor and Backhoe	01/01/96	10	27,406.00	27,406.00	.00	.00
Vehicles		5	37,049.00	22,892.00	14,157.00	1,573.00
460 Case Trencher	07/26/00	10	27,559.42	20,669.55	6,889.87	2,755.94
Honda Generator	03/31/03	7	1,315.25	845.51	469.74	187.89
Lawn Mower	05/15/06	10	3,717.12	557.57	3,159.55	371.71
Office Furniture and Equipment		3 - 10	5,390.13	4,865.09	525.04	150.02
Sharp Copy Machine	03/13/07	5	1,397.50	139.75	1,257.75	139.75
Total			<u>\$ 112,226.50</u>	<u>\$ 85,054.50</u>	<u>\$ 27,172.00</u>	<u>\$ 5,288.01</u>
<u>LAND</u>			\$ 25,507.00	.00	\$ 25,507.00	.00
<u>GRAND TOTAL</u>			<u>\$ 1,844,337.04</u>	<u>\$ 1,014,145.16</u>	<u>\$ 830,191.88</u>	<u>\$ 68,988.05</u>

See accompanying notes and auditors' report.

TOWN OF MARION  
MARION, LOUISIANA  
GENERAL FUND

SCHEDULE 5

PROJECTED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET  
FOR THE YEAR ENDED DECEMBER 31, 2008

<u>REVENUE</u>	\$ 309,590.00
<u>EXPENDITURES</u>	
Current	
General and Administrative	\$ 81,790.00
Police Protection	135,500.00
Fire Protection	33,330.00
Public Works	29,150.00
Sanitation Department	17,420.00
Culture and Recreation	1,900.00
Total Expenditures	<u>\$ 299,090.00</u>
<u>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</u>	<u>\$ 10,500.00</u>
<u>OTHER FINANCING SOURCES (USES)</u>	
Operating Transfers From (To) Capital Projects Fund	\$ .00
<u>PAYMENTS FOR ACQUISITION OF CAPITAL ASSETS</u>	<u>\$ (10,500.00)</u>
<u>PAYMENTS TO LONG-TERM DEBT</u>	<u>\$ .00</u>
<u>EXCESS OF REVENUE AND OTHER SOURCES OVER</u> <u>(UNDER) EXPENDITURES AND OTHER (USES)</u> <u>BEFORE EXTRAORDINARY ITEM</u>	<u>\$ .00</u>
<u>FUND BALANCE: BEGINNING</u>	<u>76,998.26</u>
<u>FUND BALANCE: ENDING</u>	<u>\$ 76,998.26</u>

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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June 27, 2008

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, 2007 and 2006, which collectively comprise the Town of Marion, Louisiana basic financial statements and have issued our report thereon dated June 27, 2008. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Marion, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Marion, Louisiana's financial statements that is more than inconsequential will not be prevented or detected by the Town of Marion, Louisiana's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. (See pages 33 - 40)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will to be prevented or detected by the Town of Marion, Louisiana's internal control.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

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 33 - 40.

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 & Garrett  
Certified Public Accountants

*Garrett & Garrett CPAs*

AUDIT RECOMMENDATIONS AND SUMMARY OF AUDIT FINDINGS - 2007

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June 27, 2008

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:

Internal Control

Accrued Financial Statements:

Recommendation

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

The Town's management will not consider this recommendation due to the cost to implement.

Water System:

The receivable system has some problems between beginning and ending balances. Payments and adjustments that are posted on the day the account receivable reports are printed have on occasion changed the beginning balances of the report and do not show up in the detail transactions. Other than one instance, we are unsure why the system does this. We did find in a prior year where the clerk forgot to key in the direct deposit payments in a month. When she posted the payments, she dated them in the prior month, this cause those customers' beginning balances to change.

Documented approvals of adjustments to the water bills are not maintained. The water clerk makes adjustments to water bills per the mayor's or water supervisor's request as well as keypunch errors. The only documentation is a printout of the adjustments and a meter swap report. The Town changes meter readings for erroneously high water usage instead of adjusting the water bill. The report is called a meter swap report.

The Honorable Kenneth Franklin, Mayor  
and Members of the Board of Aldermen  
Recommendations and Replies  
June 27, 2008  
Page 2

Recommendation

We recommend that the mayor or a member of the council approve the adjustments and water meter swaps. The clerk needs to document the reason for the adjustments or meter swap.

We also recommend that the water clerk provide to the council for their review a list of the transactions for the billing system. The clerk is already compiling this information on an excel spreadsheet. This report lists out the monthly account receivable balance, revenue broken down by category, adjustments, and payments. We also recommend the Town ask for help from their billing software company on the report problem.

Action Taken

The Town will provide to the council the suggested information on the water billing system at the monthly board meetings. The Clerk will provide documentation on the adjustments made to a council member and the mayor for their approval. The Town will also contact the billing software company for help to solve the report problems.

PRIOR YEAR - 2006 AUDIT FINDINGS

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June 27, 2008

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

The following recommendations were made for the year ending 2006 on the Audit Report dated June 29, 2007:

Internal Controls:

Payables

The Town does not have sufficient documentation filed with their payments to determine what items are purchased, the reason for the payment and what department the charges should be posted. The Town does not use purchase orders, however, the water supervisor does keep informal records on his orders. He also keeps the receiving or packing slips in his files as well as the cost and quantity. His records are not shared with the business office personnel. The Town has a purchasing policy in which purchase orders were to be used, but this policy was not followed.

The payments are approved by a council member or the mayor before they are paid however there were several months in which this procedure was not documented. We also discovered that the council does not approve payables before they are paid. The list of payables that is voted on in the board meetings is actually a list of the expenditures that have been paid.

A number of the payments included late fees from governmental agencies, credit cards and other vendors. The report of all applicable traffic violations that is filed with the Louisiana Department of Public Safety as required by R. S. 32:393C (1) (b) should be filed on a monthly basis along with the required payment.

Some of the expenditures were posted to cost centers that were questionable. The allocations of the workmen's compensation and general liability insurance costs need to be reviewed for accuracy.

Recommendation

We recommend that formal written procedures be prepared for the purchase and payment function of the Town. Formal written procedures ensure a clear understanding of what should be done, how it should be done, who should do it, and when it should be done and ensure the procedures followed meet management's expectations. Also, written procedures aid in the continuity of operations and for cross training of staff.

Action Taken 2007

We did not find any instances where the mayor or a council member did not sign the approval forms for payments in our test of payables. The Town still does not use purchase orders, however, more information about the order is included on both the payment approval forms and the postings on QuickBooks. There are still quite a few payments that were paid from statements while the invoices are missing. The Town's Clerk said she throws invoices away that are paid with a statement. We told her to stop this practice and include the invoices in her payables file.

The problem with late payments and report filings to governmental agencies, credit cards and other vendors still exists in 2007. The IRS sent an agent to help the Town's personnel with the problems with the late filings of payroll taxes. The payments were actually paid on time; however, the Town's personnel was unsure how to prepare the payroll reports. The State of Louisiana also had an agent stop by about the late filings of withholding taxes. The taxes had been paid; however, the reports were not filed. There is still a problem with the allocation of the general liability expenses between departments. We recommend the same actions as last year.

The Town should write procedures for: processing, reviewing, and approving disbursements; recording, tagging, and safeguarding capital assets; purchasing materials and supplies, including the checks and balances to ensure compliance with the public bid law and documentation maintained for all bids and price quotes. The Town should follow their written policies.

#### Payroll:

According to past verbal policies, the Town pays overtime based on a 40 hour work week. Any hours after 40 earned hours are paid at time and half. The Town does not have any employees that are considered to be salaried other than the elected officials. The exception to this rule is when employees are called in on the weekend or holidays. Overtime rates apply to weekends and holidays. The other exception is the police officer works 45 hours a week instead of 40. During our review, we discovered the Town is paying overtime on an 8 hour day. (The police officer is on a 9 hour day.) The Town also allows employees to earn comp time instead of overtime.

In our discussions with employees there were some questions on when vacation and sick time is earned. According to the records we had from prior audit reports the employees receive 1 week vacation and sick leave after 6 months. According to the employees, 1 week of sick and vacation is received on the first day hired.

We also could not find any monitoring of the amount of sick and vacation time taken by each employee. According to what we understand the sick policy to be; each full time employee receives 80 hours of sick time each year. The maximum hours accrued is 400 hours. Vacation varies based on the length of employment. In 2006, it appears that some employees took vacation time that was not earned.

#### Recommendation

The Town needs to communicate their payroll policy to the employees and ensure that it is followed. If the Town does not have a written policy they need to prepare one for the processing, reviewing, and approving time/attendance records and payroll, including leave taken and overtime worked.

The Town may need to consult legal council to make sure they are not violating labor laws as it applies to comp time. There are some legal problems with not paying overtime to employees.

#### Action Taken 2007

The Town rewrote their vacation and sick time policy. The Town pays overtime on an 8 hour day except for the police officer.

The Town maintains a log of the sick and vacation hours on each full time employee. However, this log did not match some of the transactions and posting on QuickBooks and the time sheets. These differences are due to incorrect coding of the hours and are immaterial.

Capital Assets

Good internal controls over capital assets require that detailed assets records be current; every asset includes a tag identifying it with a number that can be cross-referenced to the detailed asset records; and a physical inventory be conducted at least on an annual basis. In addition, R.S. 24:515(B)(1) requires the town to maintain records of all land, buildings, improvements other than buildings, equipment, and any other capital assets, which were purchased or otherwise acquired. The records should include information as to the date of purchase of such property or equipment and the initial cost.

Recommendation

We recommend that the Town prepare a detailed list of all capital assets it owns, tag the assets, and conduct an annual physical inventory.

Action Taken 2007

The clerk listed the equipment and furniture housed in the Town Hall and these items are tagged and numbered.

Minutes

The Town publishes their minutes in the official journal each month. In our review of the minutes and the meeting agenda, the minutes did not follow the agenda. The minutes should include a summary of what was discussed at the meeting and any votes, resolutions, or ordinances. The minutes should include bids and proposed projects, equipment purchases, zoning changes, approval of licenses, and well as who attended the meeting. The notes written on the agenda document by the clerks included most of the above information but some of the minutes published in the paper did not mention the discussions of the meeting.

Recommendation

The minutes should include a summary of what was discussed at the meeting.

Action Taken 2007

The minutes included the suggestions above. The minutes did include more information than the prior year's published minutes.

Disaster Recovery/ Business Continuity Plan

We recommend the following:

A formal written disaster recovery/business continuity plan be prepared and tested/revised annually. Having a formal written plan is a good business practice as it will provide the steps to be performed to continue the Town's operations in the event of a natural disaster, fire, or terrorist attack.

A back-up file of the town's utility billing system should be prepared daily and stored at an off-site location.

Action Taken 2007

The Town will start in 2008 to store copies of computer backup files in their Marion State Bank Safe Deposit Box.

#### Travel

The Town wrote and approved a travel policy in a prior year. The Town had paid for meals for family members when they attended state associations with Town employees. To solve this problem, the Town decided to pay a per diem based on federal IRS guidelines for food and entertainment. Credit cards could be used to pay for the hotel bill and gas if a town car is used or mileage if their personal car is used. The Town did not follow this policy. The employees that have credit cards used the credit cards for all travel expenses. The employees that did not have credit cards followed the policy.

Some of the credit card tickets appeared to be for more than one person. Since the travel was not documented we assumed that the extra meals are for a family member that attended the convention with the employee. We also found an invoice for a fee to a convention for a spouse. The amount of these expenditures is not material and the employees are not longer employed.

#### Recommendation

According to the legislative auditor's office, payments of this nature are not considered to be expenditures of government and are a violation of Louisiana law. The Town needs to review this policy for any changes that need to be made and to communicate to the employees that these charges should be paid by the individual employee.

#### Action Taken 2007

The Town now pays employees \$50 a day for food expenses and the federal mileage rate if personal cars are used for travel purposes. The clerk agreed to include the number of days of the travel, the location, and reason for the travel on the payables approval forms. This information was not included on the reimbursement checks in the past.

#### Property Taxes

The Town did not follow 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.

#### Recommendation

The Town needs to review the procedures involving property taxes and comply with state law.

#### Action Taken 2007

The Town did not follow these procedures.

#### Budget

The Town's budget for the general fund was under budgeted by \$65,887, which is over the legal allowed limit of 5%.

#### Recommendation

The Town actually monitors their budget on a monthly basis. However, the information they use is on a cash basis. Some transactions are actually posting errors. Since the payables and receivables are not maintained, the actual financial information could vary significantly from a cash basis statement. In 2006, transfers to the fire station

The Honorable Kenneth Franklin, Mayor  
and Members of the Board of Aldermen  
Recommendations and Replies - 2006  
June 27, 2008  
Page 5

building project were not budgeted because only \$6,000 was transferred in 2006. The budgeted amount should have been approximately \$40,000 because of payables. The Town increased revenue of the general fund budget because of a posting error of \$17,500.

The Town should post payables and receivables to their records and monitor the allocation of transactions for accuracy. We suggest they hire an accountant to help the office staff with this process.

#### Action Taken 2007

The Town did not hire an accountant to help the office staff with setting up an accrual accounting system. The Town's General Fund Budget was within LSA:RS39:1311 guidelines.

#### Volunteer Fire Department

The Volunteer Fire Department is a separate non-profit which runs the Town's Fire Department. The Town owns all the major equipment and real property. The Volunteer Fire Department maintains that they are not a component unit of the Town. In a town as small of Marion's, management of both public entities would probably include some of the same members. This is the case of the Town and the Volunteer Fire Department although, the Town does not appoint the management of the Volunteer Fire Department. In our inspection of expenditures of the general fund, there were several transactions that were paid that are expenses of the Volunteer Fire Department. Most of these expenditures are charges by vendors for the Mayhaw Festival and food purchases for the Volunteer Fire Department. The Mayhaw Festival is a fund raiser in which the proceeds go to the Volunteer Fire Department.

#### Recommendation

If the Volunteer Fire Department wants to be separate from the Town's control, the transactions of the Volunteer Fire Department do not need to be commingled with the Town transactions. The Town's council has a fiduciary responsibility to protect the assets of the Town. These expenditures need to be paid out of the assets of the Volunteer Fire Department or the proceeds on the Mayhaw Festival need to go to the Town. Also any revenue derived from the rent of the Town's property needs to be accounted for in the Town's records. The Town's legal council suggested that the Volunteer Fire Department and the Town sign a cooperative endeavor agreement to eliminate any legal questions between the two entities. This document may also help define the duties between the Town and Volunteer Fire Department.

#### Action Taken 2007

The Volunteer Fire Department reimbursed the Town for these expenditures. We did not find any other instances in which funds between the two entities were commingled.

**SUMMARY OF SCHEDULE OF AUDIT FINDINGS  
AND CORRECTIVE ACTION PLAN**

**TOWN OF MARION  
MARION, LOUISIANA  
SUMMARY OF SCHEDULE OF AUDIT FINDINGS  
AND CORRECTIVE ACTION PLAN  
YEAR ENDED DECEMBER 31, 2007**

<u>REF. NO.</u>	<u>FISCAL YEAR FINDING INITIALLY OCCURRED</u>	<u>DESCRIPTION OF FINDING</u>	<u>CORRECTIVE ACTION TAKEN</u>	<u>CORRECTIVE ACTION PLANNED</u>	<u>NAME OF CONTACT PERSON</u>	<u>ANTICIPATED COMPLETION DATE</u>
<u>INTERNAL CONTROL</u>						
03-1(IC)	2003	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 (See pages 33-39)	N/A	No response is considered necessary	Krystal Hensarling, Town Clerk	N/A
<u>COMPLIANCE</u>						
06-02(C)	2006	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.	None	The Town decided the unpaid accounts are not collectible and therefore no future action should be required	Krystal Hensarling, Town Clerk	N/A
07-01(IC)	2007	The Town did not pay or file their federal and state payroll tax reports on a timely basis. There were also other reports filed and paid late to other agencies. (See pages 35 - 36)	Yes	A payment schedule has been prepared for the payables clerk to follow to insure the timely payment of these fees.	Krystal Hensarling, Town Clerk	12/31/08