

**CITY OF MARKSVILLE, LOUISIANA**

Financial Report

Year Ended June 30, 2022

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## INDEPENDENT AUDITOR'S REPORT

The Honorable John Lemoine, Mayor,  
and Members of the City Council  
City of Marksville, Louisiana

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Marksville, Louisiana (City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, of the City, as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the other required supplementary information on pages 58 through 65 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The City of Marksville has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of compensation, benefits, and other payments to agency head on page 69, the schedule of compensation paid to council members on page 70, the justice system funding schedule – receiving entity on page 73, and schedule of expenditures of federal awards on page 80, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head, the schedule of compensation paid to council members, the justice system funding schedule – receiving entity, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the schedules reported on page 67-68 and page 71-72, respectively but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
December 15, 2022

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

## **BASIC FINANCIAL STATEMENTS**

## CITY OF MARKSVILLE, LOUISIANA

## Statement of Net Position

June 30, 2022

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,492,247	\$ 450,290	\$ 1,942,537
Receivables, net	550,602	192,988	743,590
Internal balances	(62,023)	62,023	-
Inventory	-	118,599	118,599
Restricted assets:			
Cash and cash equivalents	88,353	778,287	866,640
Capital assets:			
Nondepreciable	162,514	147,582	310,096
Depreciable, net	<u>3,218,435</u>	<u>8,530,722</u>	<u>11,749,157</u>
Total assets	<u>5,450,128</u>	<u>10,280,491</u>	<u>15,730,619</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	<u>116,001</u>	<u>-</u>	<u>116,001</u>
<b>LIABILITIES</b>			
Accounts and other payables	133,873	136,048	269,921
Construction and retainage payable	111,554	53,135	164,689
Customer deposits	-	478,310	478,310
Compensated absences payable	47,093	16,035	63,128
Interest payable	8,506	10,341	18,847
Long-term liabilities:			
Due to other governments	-	209,657	209,657
Leases payable, due within one year	98,764	-	98,764
Bonds payable due within one year	116,000	86,000	202,000
Leases payable, due in more than one year	148,032	-	148,032
Bonds due in more than one year	645,000	845,000	1,490,000
Compensated absences payable	24,927	-	24,927
Net pension liability	<u>132,128</u>	<u>-</u>	<u>132,128</u>
Total liabilities	<u>1,465,877</u>	<u>1,834,526</u>	<u>3,300,403</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	74,278	-	74,278
Deferred inflows of resources related to grant revenues	<u>48,592</u>	<u>-</u>	<u>48,592</u>
Total deferred inflows of resources	<u>122,870</u>	<u>-</u>	<u>122,870</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,373,153	7,833,304	10,206,457
Restricted for:			
Debt service	88,371	203,636	292,007
Tax dedications	1,112,005	-	1,112,005
Capital outlay	105,399	-	105,399
Unrestricted net position	<u>298,454</u>	<u>409,025</u>	<u>707,479</u>
Total net position	<u>\$ 3,977,382</u>	<u>\$ 8,445,965</u>	<u>\$ 12,423,347</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF MARKSVILLE, LOUISIANA

Statement of Activities  
For the Year Ended June 30, 2022

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government -							
Finance and administrative	\$ 658,828	\$ -	\$ 8,308	\$ -	\$ (650,520)	\$ -	\$ (650,520)
Judicial	127,527	-	-	-	(127,527)	-	(127,527)
Public safety -							
Fire protection	814,855	-	13,997	-	(800,858)	-	(800,858)
Police protection	1,423,878	1,537	31,621	-	(1,390,720)	-	(1,390,720)
Public works -							
Streets	1,109,328	-	10,762	170,680	(927,886)	-	(927,886)
Beautification	216,971	4,400	-	-	(212,571)	-	(212,571)
Interest	30,544	-	-	-	(30,544)	-	(30,544)
Total governmental activities	<u>4,381,931</u>	<u>5,937</u>	<u>64,688</u>	<u>170,680</u>	<u>(4,140,626)</u>	<u>-</u>	<u>(4,140,626)</u>
Business-type activities:							
Water	1,996,829	1,196,749	-	601,142	-	(198,938)	(198,938)
Sewer	1,369,072	639,158	-	287,321	-	(442,593)	(442,593)
Total business-type activities	<u>3,365,901</u>	<u>1,835,907</u>	<u>-</u>	<u>888,463</u>	<u>-</u>	<u>(641,531)</u>	<u>(641,531)</u>
Total	<u>\$ 7,747,832</u>	<u>\$ 1,841,844</u>	<u>\$ 64,688</u>	<u>\$ 1,059,143</u>	<u>(4,140,626)</u>	<u>(641,531)</u>	<u>(4,782,157)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					247,353	-	247,353
Sales and use taxes, levied for streets					3,682,705	-	3,682,705
Franchise taxes					180,475	-	180,475
Licenses and permits					388,530	-	388,530
Intergovernmental					350,153	-	350,153
Nonemployer pension contributions					4,876	-	4,876
Interest income					2,737	6,293	9,030
Miscellaneous					158,816	-	158,816
Transfers					(329,801)	329,801	-
Total general revenues and transfers					<u>4,685,844</u>	<u>336,094</u>	<u>5,021,938</u>
Change in net position					545,218	(305,437)	239,781
Net position - beginning					<u>3,426,778</u>	<u>8,751,402</u>	<u>12,178,180</u>
Net position - ending					<u>\$ 3,971,996</u>	<u>\$ 8,445,965</u>	<u>\$ 12,417,961</u>

The accompanying notes are an integral part of the basic financial statements.

**FUND FINANCIAL STATEMENTS (FFS)**

CITY OF MARKSVILLE, LOUISIANA

Balance Sheet  
Governmental Funds  
June 30, 2022

	General Fund	1% Sales Tax Fund	1/2 % Sales Tax Fund	1/2% Public Safety Sales Tax Fund	Other Governmental	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 395,950	\$ 441,694	\$ 270,443	\$ 103,439	\$ 369,074	\$ 1,580,600
Receivables:						
Taxes	-	150,356	75,161	75,161	-	300,678
Interfund receivables	64,689	279,944	-	-	-	344,633
Due from other governmental agencies	214,958	-	-	-	-	214,958
Other	34,898	-	68	-	-	34,966
Total assets	<u>\$ 710,495</u>	<u>\$ 871,994</u>	<u>\$ 345,672</u>	<u>\$ 178,600</u>	<u>\$ 369,074</u>	<u>\$ 2,475,835</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 113,173	\$ -	\$ -	\$ -	\$ -	113,173
Contracts payable	111,554	-	-	-	-	111,554
Accrued liabilities	16,383	2,158	1,080	1,079	-	20,700
Interfund payables	-	-	139,972	139,972	126,712	406,656
Total liabilities	<u>241,110</u>	<u>2,158</u>	<u>141,052</u>	<u>141,051</u>	<u>126,712</u>	<u>652,083</u>
Deferred inflows of resources:						
Unearned grant revenues	-	-	-	-	48,592	48,592
Fund balances:						
Restricted for:						
Debt service	-	-	-	-	88,371	88,371
Health and welfare	-	869,836	-	-	-	869,836
Streets	-	-	204,620	-	-	204,620
Public safety	-	-	-	37,549	-	37,549
Capital outlay	-	-	-	-	105,399	105,399
Unassigned	469,385	-	-	-	-	469,385
Total fund balances	<u>469,385</u>	<u>869,836</u>	<u>204,620</u>	<u>37,549</u>	<u>193,770</u>	<u>1,775,160</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 710,495</u>	<u>\$ 871,994</u>	<u>\$ 345,672</u>	<u>\$ 178,600</u>	<u>\$ 369,074</u>	<u>\$ 2,475,835</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF MARKSVILLE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2022

Total fund balance for governmental funds		\$ 1,775,160
Capital assets, net		3,380,949
Long-term liabilities:		
Bonds payable	\$ (761,000)	
Compensated absences payable	(72,020)	
Accrued interest payable	(8,506)	
Leases payable	<u>(246,796)</u>	(1,088,322)
Pension:		
Net pension (liability)/asset	(132,128)	
Deferred outflows of resources	116,001	
Deferred inflows of resources	<u>(74,278)</u>	<u>(90,405)</u>
Net position of governmental activities		<u>\$ 3,977,382</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF MARKSVILLE, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-  
Governmental Funds  
For the Year Ended June 30, 2022

	General Fund	1% Sales Tax Fund	1/2 % Sales Tax Fund	1/2 % Public Safety Sales Tax Fund	Other Governmental	Total
<b>Revenues:</b>						
Taxes -						
Ad Valorem	\$ 247,353	\$ -	\$ -	\$ -	\$ -	\$ 247,353
Sales	-	1,841,353	920,676	920,676	-	3,682,705
Franchise	185,508	-	-	-	-	185,508
Fees and fines	1,537	-	-	-	-	1,537
Licenses and permits	383,497	-	-	-	-	383,497
Intergovernmental	595,307	-	-	-	-	595,307
Other	152,298	209	127	6,584	-	159,218
Total revenues	<u>1,565,500</u>	<u>1,841,562</u>	<u>920,803</u>	<u>927,260</u>	<u>-</u>	<u>5,255,125</u>
<b>Expenditures:</b>						
General government -						
Finance and administrative	399,247	151,067	58,617	14,593	200	623,724
Judicial	127,527	-	-	-	-	127,527
Public safety -						
Fire protection	781,692	-	-	-	-	781,692
Police protection	1,402,267	-	-	-	-	1,402,267
Public works -						
Streets	1,041,610	-	-	-	-	1,041,610
Beautification	216,971	-	-	-	-	216,971
Capital outlay	426,518	-	-	-	-	426,518
Debt service -						
Principal	198,928	-	-	-	96,000	294,928
Interest	14,887	-	-	-	15,657	30,544
Total expenditures	<u>4,609,647</u>	<u>151,067</u>	<u>58,617</u>	<u>14,593</u>	<u>111,857</u>	<u>4,945,781</u>
Excess (deficiency) of revenues over expenditures	<u>(3,044,147)</u>	<u>1,690,495</u>	<u>862,186</u>	<u>912,667</u>	<u>(111,857)</u>	<u>309,344</u>
<b>Other financing sources (uses):</b>						
Operating transfers in	3,099,848	15,000	5,000	-	121,064	3,240,912
Operating transfers out	(2,316)	(1,705,877)	(812,421)	(1,046,632)	(3,467)	(3,570,713)
Proceeds from capital lease	197,367	-	-	-	-	197,367
Interest income	-	-	-	-	2,335	2,335
Total other financing sources (uses)	<u>3,294,899</u>	<u>(1,690,877)</u>	<u>(807,421)</u>	<u>(1,046,632)</u>	<u>119,932</u>	<u>(130,099)</u>
Net changes in fund balances	250,752	(382)	54,765	(133,965)	8,075	179,245
Fund balances, beginning	<u>218,633</u>	<u>870,218</u>	<u>149,855</u>	<u>171,514</u>	<u>185,695</u>	<u>1,595,915</u>
Fund balances, ending	<u>\$ 469,385</u>	<u>\$ 869,836</u>	<u>\$ 204,620</u>	<u>\$ 37,549</u>	<u>\$ 193,770</u>	<u>\$ 1,775,160</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF MARKSVILLE, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and  
 Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended June 30, 2022

Total net changes in fund balances per the Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 179,245
Capital assets:		
Capital outlay	\$ 426,518	
Depreciation expense	<u>(244,180)</u>	182,338
Long-term debt:		
Proceeds from capital lease	(197,367)	
Principal paid on leases	82,928	
Principal paid on line of credit	100,000	
Principal paid on bonds	112,000	
Changes in compensated absences payable	<u>315</u>	97,876
Effect of change in net pension liability/asset, and the related deferred outflows and inflows of resources		
Nonemployer pension contributions recognized	4,876	
Change in pension expense	<u>86,269</u>	<u>91,145</u>
Total changes in net position per Statement of Activities		<u>\$ 550,604</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF MARKSVILLE, LOUISIANA

Statement of Net Position  
 Proprietary Funds  
 June 30, 2022

	Business - Type Activities - Enterprise Funds		
	Water	Sewer	Totals
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 197,622	\$ 252,668	\$ 450,290
Receivables			
Accounts, net	118,991	46,147	165,138
Other	15,179	12,671	27,850
Due from other funds	60,288	1,735	62,023
Inventory	76,421	42,178	118,599
Total current assets	<u>468,501</u>	<u>355,399</u>	<u>823,900</u>
Noncurrent assets:			
Restricted assets -			
Cash and cash equivalents	547,033	231,254	778,287
Capital assets:			
Nondepreciable	24,000	123,582	147,582
Depreciable assets, net	<u>2,478,122</u>	<u>6,052,600</u>	<u>8,530,722</u>
Total non current assets	<u>3,049,155</u>	<u>6,407,436</u>	<u>9,456,591</u>
Total assets	<u>3,517,656</u>	<u>6,762,835</u>	<u>10,280,491</u>
<b>LIABILITIES</b>			
Current liabilities, payable from current assets:			
Accounts payable	89,291	35,908	125,199
Construction and retainage payable	53,135	-	53,135
Accrued compensated absences	6,549	9,486	16,035
Accrued liabilities	9,399	1,450	10,849
Accrued interest payable	2,542	7,799	10,341
Bonds payable	<u>45,000</u>	<u>41,000</u>	<u>86,000</u>
Total current liabilities, payable from current assets	<u>205,916</u>	<u>95,643</u>	<u>301,559</u>

(continued)

The accompanying notes are an integral part of the basic financial statements.

CITY OF MARKSVILLE, LOUISIANA

Statement of Net Position (continued)  
 Proprietary Funds  
 June 30, 2022

Noncurrent liabilities:			
Due to other governments	-	209,657	209,657
Customer deposits payable	339,244	139,066	478,310
Bonds payable	303,000	542,000	845,000
Total noncurrent liabilities	<u>642,244</u>	<u>890,723</u>	<u>1,532,967</u>
Total liabilities	<u>848,160</u>	<u>986,366</u>	<u>1,834,526</u>
NET POSITION			
Net investment in capital assets	2,199,122	5,634,182	7,833,304
Restricted:			
Debt service	160,247	43,389	203,636
Unrestricted	<u>310,127</u>	<u>98,898</u>	<u>409,025</u>
Total net position	<u>\$ 2,669,496</u>	<u>\$ 5,776,469</u>	<u>\$ 8,445,965</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF MARKSVILLE, LOUISIANA

Statement of Revenues, Expenses, and Change in Fund Net Position -  
 Proprietary Funds  
 For the Year Ended June 30, 2022

	Business - Type Activities - Enterprise Funds		
	Water	Sewer	Totals
Operating revenues:			
Charges for services	\$ 1,196,749	\$ 638,666	\$ 1,835,415
Delinquent and other charges	-	492	492
Total operating revenues	<u>1,196,749</u>	<u>639,158</u>	<u>1,835,907</u>
Operating expenses:			
Salaries	245,867	218,048	463,915
Employee benefits	26,853	26,041	52,894
Water purchases	750,285	-	750,285
Chemicals and supplies	24,097	101,724	125,821
Repairs and maintenance	607,980	497,611	1,105,591
Gasoline and oil	20,119	13,366	33,485
Utilities and telephone	16,650	88,780	105,430
Depreciation expense	196,788	322,822	519,610
Testing and maintenance	9,711	37,587	47,298
Other operating expenses	90,657	43,961	134,618
Total operating expenses	<u>1,989,007</u>	<u>1,349,940</u>	<u>3,338,947</u>
Operating loss	<u>(792,258)</u>	<u>(710,782)</u>	<u>(1,503,040)</u>
Nonoperating revenues (expenses):			
Federal grant	601,142	274,321	875,463
State grant	-	13,000	13,000
Interest income	5,246	1,047	6,293
Interest expense	(7,822)	(19,132)	(26,954)
Total nonoperating revenues (expenses)	<u>598,566</u>	<u>269,236</u>	<u>867,802</u>
Loss before transfers	<u>(193,692)</u>	<u>(441,546)</u>	<u>(635,238)</u>
Transfers in (out)			
Transfers in	178,249	250,759	429,008
Transfers out	(98,555)	(652)	(99,207)
Total transfers in (out)	<u>79,694</u>	<u>250,107</u>	<u>329,801</u>
Change in net position	(113,998)	(191,439)	(305,437)
Net position, beginning	<u>2,783,494</u>	<u>5,967,908</u>	<u>8,751,402</u>
Net position, ending	<u>\$ 2,669,496</u>	<u>\$ 5,776,469</u>	<u>\$ 8,445,965</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF MARKSVILLE, LOUISIANA

Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended June 30, 2022

	Business - Type Activities - Enterprise Funds		
	Water	Sewer	Totals
Cash flows from operating activities:			
Receipts from customers	\$1,201,241	\$ 634,387	\$ 1,835,628
Payments to suppliers	(1,409,291)	(787,751)	(2,197,042)
Payments to employees	(263,321)	(242,639)	(505,960)
Other receipts	(2,497)	2,331	(166)
Net cash used by operating activities	<u>(473,868)</u>	<u>(393,672)</u>	<u>(867,540)</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	117,961	249,024	366,985
Transfers to other funds	<u>(98,555)</u>	<u>(652)</u>	<u>(99,207)</u>
Net cash provided by noncapital financing activities	<u>19,406</u>	<u>248,372</u>	<u>267,778</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	(70,219)	(5,350)	(75,569)
Proceeds from grants	601,142	287,321	888,463
Principal paid on bonds	(43,000)	(40,000)	(83,000)
Interest paid on revenue bonds	<u>(8,183)</u>	<u>(19,598)</u>	<u>(27,781)</u>
Net cash provided by capital and related financing activities	<u>479,740</u>	<u>222,373</u>	<u>702,113</u>
Cash flows from investing activities:			
Interest	<u>5,246</u>	<u>1,047</u>	<u>6,293</u>
Net change in cash and cash equivalents	30,524	78,120	108,644
Cash and cash equivalents, beginning of period	<u>714,131</u>	<u>405,802</u>	<u>1,119,933</u>
Cash and cash equivalents, end of period	<u>\$ 744,655</u>	<u>\$ 483,922</u>	<u>\$ 1,228,577</u>

(continued)

The accompanying notes are an integral part of the basic financial statements.

CITY OF MARKSVILLE, LOUISIANA

Statement of Cash Flows (continued)

Proprietary Funds

For the Year Ended June 30, 2022

	<u>Water System</u>	<u>Sewer System</u>	<u>Totals</u>
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$(792,258)	\$ (710,782)	\$(1,503,040)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	196,788	322,822	519,610
(Increase) decrease in assets:			
Accounts receivable	(15,649)	(4,279)	(19,928)
Inventory	(24,643)	2,969	(21,674)
Other receivables	(2,497)	1,839	(658)
Increase (decrease) in liabilities:			
Accounts payable	81,716	(14,738)	66,978
Contracts payable	53,135	-	53,135
Customer deposits	20,141	7,047	27,188
Accrued liabilities	9,399	1,450	10,849
Net cash used by operating activities	<u>\$(473,868)</u>	<u>\$ (393,672)</u>	<u>\$ (867,540)</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the statement of net position			
Cash and cash equivalents, beginning of period -			
Cash and cash equivalents - unrestricted	\$ 188,222	\$ 189,227	\$ 377,449
Cash and cash equivalents - restricted	<u>525,909</u>	<u>216,575</u>	<u>742,484</u>
Total cash and cash equivalents, beginning of period	<u>714,131</u>	<u>405,802</u>	<u>1,119,933</u>
Cash and cash equivalents, end of period -			
Cash and cash equivalents - unrestricted	197,622	252,668	450,290
Cash and cash equivalents - restricted	<u>547,033</u>	<u>231,254</u>	<u>778,287</u>
Total cash and cash equivalents, end of period	<u>744,655</u>	<u>483,922</u>	<u>1,228,577</u>
Net change in cash and cash equivalents	<u>\$ 30,524</u>	<u>\$ 78,120</u>	<u>\$ 108,644</u>

The accompanying notes are an integral part of the basic financial statements.

## CITY OF MARKSVILLE

### Notes to Basic Financial Statements

#### (1) Summary of Significant Accounting Policies

The accompanying financial statements of the City of Marksville, Louisiana (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

##### A. Financial Reporting Entity

The City of Marksville, Louisiana was incorporated on June 1, 1937 under the provisions of a special act of the Louisiana Legislature. The City is governed by its Mayor and a City Council consisting of five members.

This report includes all funds that are controlled by or dependent on the City executive and legislative branches (the Mayor and City Council). Control by or dependence on the City was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of the governing body, and other general oversight responsibility.

The City of Marksville is a primary government and has no component units. The accompanying financial statements present information only on the funds maintained by the City and do not present information on any other governmental unit.

##### B. Basis of Presentation

###### Government-Wide Financial Statements (GWFS)

The government-wide financial statements provide operational accountability information for the City as an economic unit. The government-wide financial statements report the City's ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities and all business-type activities of the primary government.

###### Fund Financial Statements

The accounts of the City are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses, and transfers.

Major funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources or liabilities and deferred inflows of resources are at least ten percent of the totals for all governmental or enterprise funds

## CITY OF MARKSVILLE

### Notes to Basic Financial Statements

and at least five percent of the aggregate amount for all governmental and enterprise funds for the same item or funds designated as major at the discretion of the City. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements. The City's major funds, grouped by fund type, are described below.

#### Governmental Funds –

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use and balance of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

#### General Fund

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

#### Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of government grants or other specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects of the City. The following is the City's major Special Revenue Funds:

The 1% Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for constructing, acquiring, extending, improving, operating, and/or maintaining sewers and sewage disposal facilities, and streets, or any one or more of these purposes, in that order.

The ½% Sales Tax Fund is used to account for the proceeds of a one-half percent sales and use tax that is legally restricted to expenditures for constructing, acquiring, extending, improving, and maintaining streets, including incidental drainage thereto.

The ½% Public Safety Sales Tax Fund is used to account for the proceeds of a one-half percent sales and use tax that is legally restricted to expenditures for the payment of salaries and other personnel costs related to fire protection and acquiring, constructing, improving, maintaining, and operating fire protection and police facilities and equipment.

#### Proprietary Funds –

Proprietary funds are used to account for the City's ongoing operations and activities which are similar to those often found in the private sector where the intent

## CITY OF MARKSVILLE

### Notes to Basic Financial Statements

is that costs of providing goods and services be recovered through user charges. The proprietary funds maintained by the City are enterprise funds.

#### Enterprise Funds

Enterprise funds are proprietary funds that are used to report activities for which a fee is charged to external users. These funds account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City's enterprise funds are the Water and Sewer funds.

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The measurement focus determines the accounting and financial reporting treatment applied to a fund. The governmental and business-type activities within the government-wide statement of net position and statement of activities are presented using the economic resources measurement focus. The economic resources measurement focus meets the accounting objectives of determining net income, net position, and cash flows.

The fund financial statements use either the current financial resources measurement focus, or the economic resources measurement focus as appropriate. Governmental funds use the current financial resources measurement focus. The measurement focus is based upon the receipt and disbursement of current available financial resources rather than upon net income. The measurement focus of the proprietary fund types, economic resources, is based upon determination of net income, net position and cash flows

The accrual basis of accounting is used throughout the government-wide statements; conversely, the financial statements of the governmental funds have been prepared in accordance with the modified accrual basis of accounting, whereby revenues are recognized when considered both measurable and available to finance expenditures of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. An exception to this is grants collected on a reimbursement basis.

Reimbursable grants are recognized as revenue when reimbursable expenditures are made. The City considers reimbursement amounts received within one year as available. The City accrues intergovernmental revenue, ad valorem and sales tax revenue, franchise fees, charges for services, and investment income based upon this concept. Expenditures generally are recognized when the related fund liabilities are incurred and become payable in the current period. Proceeds of debt

## CITY OF MARKSVILLE

### Notes to Basic Financial Statements

are reported as other financing sources, and principal and interest on long-term debt, as well as expenditure related to compensated absences and claims and judgments, are recorded as expenditures when paid.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursement for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the City. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the City and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The financial statements of the enterprise funds have been prepared in accordance with the accrual basis of accounting. Accordingly, revenues are recorded when earned, and expenses and related liabilities are recorded when incurred.

#### D. Assets and Deferred Outflows, Liabilities and Deferred Inflows and Equity

##### Cash and cash equivalents

For purposes of the statement of net position, cash and cash equivalents include all cash on hand, demand accounts, savings accounts, and certificates of deposits of the City.

For the purpose of the proprietary funds statement of cash flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased.

##### Receivables

Receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem and sales and use taxes. Business-type activities report customer’s utility service receivables as their major receivables. Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts at the time information becomes available which would indicate the collectability of the particular receivable. At June 30, 2022, the City had allowance for doubtful accounts of \$78,538 and \$76,376, respectively, for water and sewer receivables. Unbilled utility service receivables

## CITY OF MARKSVILLE

### Notes to Basic Financial Statements

resulting from utility services rendered between the date of meter reading and billing and the end of the month, are considered immaterial and are not recorded at year-end.

#### Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans are reported as “advances from and to other funds.” Interfund receivables and payables, advances to and from other funds, as well as due to and from other funds are eliminated in the statement of net position.

#### Inventory

Inventories are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. All inventories are accounted for in the proprietary funds as assets when purchased and recorded as expenditures when consumed.

#### Restricted Assets

Restricted assets include cash and interest-bearing deposits of the governmental and proprietary funds that are legally restricted as to their use. The restricted assets recorded in the governmental funds are related to the sales tax refunding bonds, while the restricted assets in the proprietary funds are related to the utility bonds and meter deposits.

#### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at acquisition cost or estimated cost if acquisition is not available. Donated assets are recorded as capital assets at their estimated acquisition cost at the date of donation. The City maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2001, governmental funds infrastructure assets were not capitalized. These assets have been valued at estimated acquisition cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

## CITY OF MARKSVILLE

### Notes to Basic Financial Statements

Buildings and improvements	40 years
Equipment, furniture and fixtures	5 years
Utility system and improvements	20-40 years
Infrastructure	20 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

#### Compensated Absences

After one year of full-time employment, employees earn ten (10) days of annual and sick leave per year. After five years of full-time employment, employees earn fifteen (15) days of annual and sick leave per year. A maximum of 240 hours of annual and sick leave may be accumulated and carried forward for use in the next calendar year. Accumulated annual leave is payable to the employee at the time of separation while accumulated sick leave is not payable.

#### Unearned Revenues

Unearned revenues arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the City has legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

#### Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental is reported as liabilities in the government-wide statements. The long-term debt consists primarily of the general obligation bonds payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

## CITY OF MARKSVILLE

### Notes to Basic Financial Statements

#### Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period (s) and so will not be recognized as an inflow of resources (revenue) until that time.

#### Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, and contributors, laws or regulations of other governments; or (2) laws through constitutional provisions or enabling legislation. It is the City's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred.
- c. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily upon the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories and their purposes are:

- a. Non-spendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints requiring they remain intact. The City's non-spendable fund balance consists of inventory items.

## CITY OF MARKSVILLE

### Notes to Basic Financial Statements

- b. Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, grantors, contributors, or amounts constrained due to constitutional provisions or enabling legislation or the laws or regulations of other governments.
- c. Committed includes fund balance amounts that can be used only for specific purposes that are internally imposed by the City through formal legislative action of the Mayor and the City Council and does not lapse at year end. A committed fund balance constraint can only be established, modified or rescinded by passage of an ordinance (Law) by the Mayor and City Council.
- d. Assigned includes fund balance amounts that are constrained by the City's intent to be used for specific purposes, that are neither restricted nor committed. The assignment of fund balance is authorized by a directive from the City administrator and approval of a resolution by the Mayor and City Council.
- e. Unassigned includes fund balance amounts which have not been classified within the categories mentioned above.

It is the City's policy to use restricted amounts first when both restricted and unrestricted fund balance is available unless prohibited by legal or contractual provisions. Additionally, the City uses committed, assigned, and lastly unassigned amounts of fund balance in that order when expenditures are made.

The propriety fund equity is classified the same as in government-wide statements.

#### E. Revenues, Expenditures, and Expenses

##### Revenues

The City considers revenue to be susceptible to accrual in the governmental funds as it becomes measurable and available, as defined under the modified accrual basis of accounting. The City generally defines the availability period for revenue recognition as received within sixty (60) days of year end. The City's major revenue sources that meet this availability criterion are intergovernmental revenues, franchise fees, tax revenue, and charges for services.

There are two classifications of programmatic revenues for the City, grant revenue and program revenue. Grant revenues are revenues from federal, state, and private grants. These revenues are recognized when all applicable eligibility requirements are met and are reported as intergovernmental revenues. Program revenues are derived directly from the program itself or from parties outside the City's taxpayers or citizenry, as a whole. Program revenues reduce the cost of the function to be financed from the City's general revenues. The primary sources of

## CITY OF MARKSVILLE

### Notes to Basic Financial Statements

program revenue are fees, fines, and charges paid by recipients of goods or services, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and earned income in connection with the operation of the City's utility system.

#### Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in October and are billed to taxpayers in December. Billed taxes become delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor and are collected by the Sheriff. Ad valorem taxes are used for general corporate purposes and are recorded in governmental fund. In the governmental activities, ad valorem taxes are assessed and partially pledged for the repayment of general obligation bonds related to the City's recreations and water departments, respectively.

Interest income is recorded as earned in the fund holding the interest-bearing asset while substantially all other revenues are recorded when received.

#### Operating Revenues and Expenses

In the proprietary funds, operating revenues are those revenues produced as a result of providing services and producing and delivering goods and/or services. Nonoperating revenues are funds primarily provided by investing activities, such as financial institution interest income, gains on disposal of assets and insurance recoveries on property loss. Operating expenses are those expenses related to the production of revenue. Nonoperating expenses are those expenses not directly related to the production of revenue and include items such as interest expense and losses on disposal of assets.

#### Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character  
Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

CITY OF MARKSVILLE

Notes to Basic Financial Statements

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds and proprietary funds have been eliminated.

F. Revenue Restrictions

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions on Use</u>
Ad valorem	See Note 1E
Sales tax	See Note 9
Sewer revenue	Debt service and utility operations

The City uses unrestricted resources only when restricted resources are fully depleted.

G. Pensions

The net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. Non-employer contributions are recognized as revenues in the government-wide and proprietary fund financial statements. In the governmental fund financial statements contributions are recognized as expenditures when due.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

CITY OF MARKSVILLE

Notes to Basic Financial Statements

(2) Cash and Cash Equivalents

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in direct obligations of the United States government, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and/or the United States government, and time certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. The City does not have a policy for custodial credit risk; however, under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties.

Bank balances	<u>\$ 2,489,188</u>
Insured	\$ 898,000
Uninsured and collateral held by pledging bank not in the Town's name	<u>1,591,188</u>
Total	<u>\$ 2,489,188</u>

(3) Restricted Assets

Restricted assets consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Customer utility deposits	\$ -	\$ 478,310	\$ 478,310
Bond reserve fund	-	70,000	70,000
Bond contingency fund	-	91,787	91,787
Bond sinking fund	<u>88,353</u>	<u>138,190</u>	<u>226,543</u>
Total business-type activities	<u>\$ 88,353</u>	<u>\$ 778,287</u>	<u>\$ 866,640</u>

CITY OF MARKSVILLE

Notes to Basic Financial Statements

(4) Receivables

Receivables consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts receivable, net	\$ -	\$ 192,988	\$ 192,988
Taxes:			
Sales taxes	300,644	-	300,644
Franchise taxes	33,187	-	33,187
Federal grants	115,068	-	115,068
Local revenues	101,703	-	101,703
Total	<u>\$ 550,602</u>	<u>\$ 192,988</u>	<u>\$ 743,590</u>

(5) Capital Assets

Capital asset activity was as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 162,514	\$ -	\$ -	\$ 162,514
Other capital assets:				
Buildings and improvements	2,808,130	-	-	2,808,130
Equipment, furniture and fixtures	3,746,557	246,856	418,233	3,575,180
Infrastructure	1,141,126	179,662	-	1,320,788
Total capital assets	<u>7,858,327</u>	<u>426,518</u>	<u>418,233</u>	<u>7,866,612</u>
Less accumulated depreciation				
Buildings and improvements	920,601	60,268	-	980,869
Equipment, furniture and fixtures	3,102,855	129,151	418,233	2,813,773
Infrastructure	636,260	54,761	-	691,021
Total accumulated depreciation	<u>4,659,716</u>	<u>244,180</u>	<u>418,233</u>	<u>4,485,663</u>
Governmental activities, capital assets, net	<u>\$ 3,198,611</u>	<u>\$ 182,338</u>	<u>\$ -</u>	<u>\$ 3,380,949</u>

CITY OF MARKSVILLE

Notes to Basic Financial Statements

Depreciation expense was charged to governmental activities as follows:

Finance and administrative	\$ 31,447
Fire protection	65,445
Police protection	68,812
Streets	69,934
Culture and recreation	<u>8,542</u>
Total depreciation expense	<u>\$ 244,180</u>

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Business-type activities:				
Capital assets not being depreciated:				
Land and rights of way	\$ 147,582	\$ -	\$ -	\$ 147,582
Other capital assets:				
Waterworks system	7,285,144	-	1,254	7,283,890
Sewer Collection system	14,049,306	-	2,443	14,046,863
Water Utility equipment	233,351	29,219	46,175	216,395
Sewer Utility equipment	311,759	5,350	25,375	291,734
Water Vehicles	53,940	41,000	48,190	46,750
Sewer Vehicles	<u>161,253</u>	<u>-</u>	<u>11,654</u>	<u>149,599</u>
Total capital assets	<u>22,242,335</u>	<u>75,569</u>	<u>135,091</u>	<u>22,182,813</u>
Less accumulated depreciation:				
Waterworks system	4,706,481	179,981	1,254	4,885,208
Sewer Collection system	7,768,518	306,637	2,443	8,072,712
Water Utility equipment	207,322	11,732	46,175	172,879
Sewer Utility equipment	234,571	11,935	25,375	221,131
Water Vehicles	53,940	5,075	48,190	10,825
Sewer Vehicles	<u>149,158</u>	<u>4,250</u>	<u>11,654</u>	<u>141,754</u>
Total accumulated depreciation	<u>13,119,990</u>	<u>519,610</u>	<u>135,091</u>	<u>13,504,509</u>
Business-type activities, capital assets, net	<u>\$9,122,345</u>	<u>\$ (444,041)</u>	<u>\$ -</u>	<u>\$8,678,304</u>

Depreciation expense was charged to business-type activities as follows:

Water	\$ 196,788
Sewer	<u>322,822</u>
Total depreciation expense	<u>\$ 519,610</u>

CITY OF MARKSVILLE

Notes to Basic Financial Statements

(6) Due to Other Governments

During the year ended June 30, 2015 the City entered into a Utility Relocation Agreement with the Department of Transportation and Development (DOTD). Under the agreement, the City received \$232,952 of Utility Relocation Assistance Funding (URAF) for the relocation of existing water and sewer lines related to the expansion of Louisiana highway 1. This URAF is treated as neither a loan nor a grant and no interest is charged on the outstanding balance. The city is required to repay the URAF over a ten-year period beginning in fiscal year 2022. Failure to make the required minimum payments may result in the suspension of permit issuance to the City in the future. As of June 30, 2022, the balance owed to DOTD is \$209,657.

(7) Leases

Lease agreements are summarized as follows:

<u>Describe</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Total Lease Liability</u>	<u>Balance June 30, 2022</u>
Police Patrol Units	7/1/2021	4 years	\$56,853	3.75%	\$ 197,367	\$ 160,141
Fire Pumper Truck	10/15/2014	10 years	\$27,131	3.70%	225,000	64,228
Fire Ladder Truck	7/17/2017	6 years	\$23,268	3.30%	125,000	22,428
Total Lease Agreements						<u>\$ 246,797</u>

The three (3) lease agreements outlined above are non-renewable, and the City intends to acquire the vehicles and equipment at the end of the respective lease terms.

Annual requirements to amortize leases payable and related interest are as follows:

<u>Year Ended June 30</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 98,764	\$ 8,389	\$ 107,153
2024	79,301	4,683	83,984
2025	68,732	1,603	70,335
Total	<u>\$246,797</u>	<u>\$ 14,675</u>	<u>\$ 261,472</u>

CITY OF MARKSVILLE

Notes to Basic Financial Statements

(8) Changes in Long-Term Debt

The following is a summary of the outstanding long-term debt at June 30, 2022:

	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 761,000	\$ -	\$ 761,000
Water Utility Bonds	-	348,000	348,000
Sewer Utility Bonds	-	583,000	583,000
Leases Payable	246,796	-	246,796
Compensated Absences Payable	72,020	16,035	88,055
Total obligations	<u>\$1,079,816</u>	<u>\$ 947,035</u>	<u>\$ 2,026,851</u>

  

	Governmental Activities	Business-Type Activities	Total
Due within one year	\$ 261,857	\$ 102,035	\$ 363,892
Due in more than one year	817,959	845,000	1,662,959
Total obligations	<u>\$1,079,816</u>	<u>\$ 947,035</u>	<u>\$ 2,026,851</u>

The compensated absences payable above is the obligation of the City and will be liquidated primarily from the general fund.

Governmental activities long-term debt activity was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities				
General Obligation Bonds	\$ 873,000	\$ -	\$ 112,000	\$ 761,000
Bank Line of Credit	100,000	-	100,000	-
Leases Payable	132,358	197,366	82,928	246,796
Compensated Absences	72,334	67,358	67,672	72,020
Total Governmental activities	<u>\$ 1,177,692</u>	<u>\$ 264,724</u>	<u>\$ 362,600</u>	<u>\$ 1,079,816</u>

CITY OF MARKSVILLE

Notes to Basic Financial Statements

Governmental activities long-term liabilities are comprised of the following:

General Obligation Bonds:

\$200,000 Limited Tax Bonds, Series 2016

The City issued \$200,000 of Limited Tax Bonds, Series 2015, dated November 3, 2015, for the purpose of improving, and rehabilitating a public building to serve as a community center, including acquiring equipment, fixtures and appurtenances thereof. Annual principal installments are due in amounts ranging from \$4,000 to \$20,000 through September 1, 2027 at an annual interest rate of 1.75% to 3.50%. The bonds are secured by a partial pledge of the City's special 7.15 mills ad valorem tax. No default provisions are provided for in the bond issue.

\$ 110,000

\$1,020,000 Sales Tax Refunding Bonds, Series 2017

The City issued \$1,020,000 of Sales Tax Refunding Bonds, Series 2017, dated October 3, 2017, to fund the full and final payment of the principal, redemption price of and interest on all of the outstanding Sales Tax Bonds, Series 2007 . Annual principal installments of \$88,000 to \$119,000 are due through September 1, 2027 at an annual interest rate of 2.24%.The bonds are are secured by a partial pledge of the levy and collection of a 1/2% sales tax. No default provisions are provided for in the bond issue.

\$ 651,000

The annual debt service requirements to maturity of all governmental activities' debt are as follows

Year Ended June 30	Principal	Interest
2023	\$ 116,000	\$ 17,027
2024	118,000	14,192
2025	127,000	11,227
2026	130,000	8,116
2027	131,000	4,953
2028	139,000	1,683
Total	<u>\$ 761,000</u>	<u>\$ 57,198</u>

CITY OF MARKSVILLE

Notes to Basic Financial Statements

The following is a summary of business-type activities long term debt activity:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Business-type activities - Direct Obligations				
Water Utility Bonds	\$ 391,000	\$ -	\$ 43,000	\$ 348,000
Sewer Utility Bonds	623,000	-	40,000	583,000
Compensated Absences	<u>16,036</u>	<u>19,502</u>	<u>19,503</u>	<u>16,035</u>
Total Business-type activities	<u>\$ 1,030,036</u>	<u>\$ 19,502</u>	<u>\$ 102,503</u>	<u>\$ 947,035</u>

Business-type activities long-term liabilities are comprised of the following:

Water Utility Bonds

\$500,000 Limited Tax Bonds, Series 2016

The City issued \$500,000 of Limited Tax Bonds, Series 2016, dated September 1, 2016, for the purpose of paying the costs of improving the waterworks system, including acquiring equipment and fixtures thereof. Semi-annual principal installments of \$22,000 to \$55,000 are due through September, 2028 at an annual interest rate of 1.23% to 2.45%. The bonds are secured by a partial pledge of the City's 7.15 mills ad valorem tax. No default provisions are provided for in the certificate of indebtedness.

\$ 348,000

The water utility bonds are scheduled to mature as follows

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 45,000	\$ 7,258
2024	46,000	6,302
2025	48,000	5,310
2026	50,000	4,269
2027	51,000	3,191
2028 - 2032	<u>108,000</u>	<u>2,671</u>
Total	<u>\$ 348,000</u>	<u>\$ 29,001</u>

CITY OF MARKSVILLE

Notes to Basic Financial Statements

Sewer Utility Bonds

\$713,000 Sewer Revenue Refunding Bonds, Series 2018

The City issued \$713,000 of Sewer Revenue Refunding Bonds, Series 2018 , dated February 28, 2018, for the purpose of refunding the outstanding Sewer Revenue Bonds, dated February 23, 1995. Annual principal installments of \$22,000 to \$55,000 are due through September, 2028 at an annual interest rate of 3.25%.The bonds are secured by a partial pledge of the income and revenues derived or to be derived from the operation of the City's sewer system . In the event of a default under the bond agreement that remains unresolved after thirty (30) days written notice, the bondholders are entitled to appoint a receiver of the sewer system, through an appropriate judicial proceeding in a court of competent jurisdiction.

\$ 583,000

The sewer utility bonds are scheduled to mature as follows:

Year Ended June 30	Principal	Interest
2023	\$ 41,000	\$ 18,282
2024	42,000	16,933
2025	43,000	15,551
2026	44,000	14,137
2027	46,000	15,675
2028-2032	254,000	39,490
2033-2034	<u>113,000</u>	<u>3,688</u>
Total	<u>\$ 583,000</u>	<u>\$ 123,756</u>

(9) Sales and Use Taxes

Proceeds of the 1% sales and use tax levied by the City of Marksville, Louisiana, are dedicated for the following purposes:

Constructing, acquiring, extending, improving, operating and/or maintaining sewers and sewage disposal facilities, and streets, or any one or more of said purposes, in that order.

Proceeds of the 1/2% sales and use tax levied by the City of Marksville, Louisiana, are dedicated for the following purposes:

Constructing, acquiring, extending, improving and maintaining streets of the City, including incidental drainage.

## CITY OF MARKSVILLE

### Notes to Basic Financial Statements

Proceeds of the 1/2 % public safety sales and use tax levied by the City of Marksville, Louisiana, are dedicated to the following purposes:

To the payment of salaries and other personnel costs related to fire protection as well as acquiring, constructing, improving, maintaining, and operating fire protection and police facilities and equipment.

#### (10) Pension Plans

Substantially all employees of the City participate in one of three cost-sharing multiple employer public retirement systems. Each system is administered and controlled by a separate board of trustees.

##### A. Municipal Employees Police Retirement System of Louisiana (MPERS) –

Plan Description: The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in the MPERS is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, provided he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the system in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. The System issues a publicly available financial report that may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809, or by calling (225) 929-7411.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013 - A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service, not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

## CITY OF MARKSVILLE

### Notes to Basic Financial Statements

Membership Commencing January 1, 2013 - Member eligibility for regular retirement, early retirement, disability, and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

**Cost of Living Adjustments:** The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility. No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost-of-living adjustment until they reach regular retirement age. A cost-of-living adjustment may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

**Deferred Retirement Option Plan:** A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty-six months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of MPERS's investment portfolio as certified by the actuary on an annual basis but will

## CITY OF MARKSVILLE

### Notes to Basic Financial Statements

never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account.

**Initial Benefit Option Plan:** In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

**Contributions:** Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay.

For the year ended June 30, 2022, total contribution due for employers and employees was 33.75%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 33.75% and 10.0%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 33.75% and 10%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 33.75% and 8.0%, respectively. The actuarial required employer and employee combined contribution for June 30, 2021 was 33.75%. Contributions to the pension plan from the City totaled \$18,571.

**Non-employer contributions:** The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue and excluded from pension expense. Total non-employer contributions recognized as income was \$3,147.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** At June 30, 2022, the City reported a liability of \$75,070 for its proportionate share of the Net Pension Liability of MPERS. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The City's proportion of the Net Pension Liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportion was 0.014%, which was a decrease of 0.001% from its proportion measured from the prior year.

The City's MPERS plan recognized a pension benefit of \$8,301.

CITY OF MARKSVILLE

Notes to Basic Financial Statements

The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	\$ -	\$ 2,312
Changes of assumptions	8,314	2,141
Change in proportion and differences between the employer's contributions and the proportionate share of contributions	9,928	11,526
Net difference between projected and actual earnings on pension plan investments	-	35,052
Contributions subsequent to the measurement date	<u>18,571</u>	<u>-</u>
Total	<u>\$ 36,813</u>	<u>\$ 51,031</u>

Deferred outflows of resources of \$18,571 related to MPERS resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year Ended	
<u>June 30:</u>	
2023	\$ (8,760)
2024	(3,516)
2025	(8,436)
2026	<u>(12,077)</u>
	<u>\$ (32,789)</u>

Actuarial Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

A summary of the actuarial methods and assumptions used in determining MPERS total pension liability are as follows:

Valuation Date	June 30, 2021	
Actuarial Cost Method	Entry Age Normal Cost	
Investment rate of return	6.750%, net of investment expense	
Expected Remaining		
Service Lives	4 years	
Inflation rate	2.5%	
Salary increases, including	<u>Years of Service</u>	<u>Salary Growth Rate</u>
inflation and merit	1-2	12.30%
	Above 2	4.70%

CITY OF MARKSVILLE

Notes to Basic Financial Statements

Mortality	<p>For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP 2019 scale was used.</p> <p>For disabled lives, the Pub-2010 public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using MP2019 scale was used.</p> <p>For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used</p>
Cost-of-Living Adjustments	<p>The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.</p>

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation are summarized in the following table:

CITY OF MARKSVILLE

Notes to Basic Financial Statements

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Equity	55.50%	3.48%
Fixed Income	30.50%	0.59%
Alternative	14.00%	1.01%
Totals	100.00%	5.08%
Inflation		2.22%
Expected Nominal Return		7.30%

Discount Rate: The discount rate used to measure the total pension liability was 6.750% which was a decrease of .200% from the discount rate used in the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System’s actuary. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the participating employers calculated using the discount rate of 6.750%, as well as what the employers’ net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.750%, or one percentage point higher 7.750% than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>5.750%</u>	<u>6.750%</u>	<u>7.750%</u>
Net Pension Liability	\$ 130,835	\$ 75,070	\$ 28,525

B. Firefighters Retirement System of Louisiana (FRS) –

Plan Description: The Firefighters’ Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in FRS is a condition of employment for any full-time firefighters who earn more than \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the FRS. The FRS provides retirement benefits for their members. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the FRS in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

## CITY OF MARKSVILLE

### Notes to Basic Financial Statements

Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272. The following is a brief description of the plan and its benefits and is provided for general informational purposes only. Participants should refer to the appropriate statutes for more complete information.

Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. No person who has attained age fifty or over shall become a member of the FRS, unless the person becomes a member by reasons of a merger or unless the FRS received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen year shall become a member of the FRS. Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies, or political subdivisions, and who is receiving retirement benefits there from may become a member of FRS, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with the FRS, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

**Retirement Benefits:** Employees with 20 or more years of service who have attained age 50, or employees with 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3.333% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

**Deferred Benefits:** After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months.

Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or an annuity based on the deferred retirement option plan account balance in addition to his regular monthly benefit.

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires.

**Initial Benefit Option Plan:** Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

**Cost of Living Adjustments (COLAs):** Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired

CITY OF MARKSVILLE

Notes to Basic Financial Statements

members and widows who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these COLAs, pursuant to R.S. 11:241, the board may also grant an increase in the form of “X x (A+B),” where “X” is any amount up to \$1 per month, and “A” is equal to the number of years of credited service accrued at retirement or at death of the member or retiree, and “B” is equal to the number of years since retirement or since death of the member or retiree to June 30<sup>th</sup> of the initial year of such increase.

**Contributions:** Employer contributions are actuarially determined each year. For the year ended June 30, 2022, employer, and employee contributions for members above the poverty line were 32.25% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 32.25 and 10.0%, respectively. Contributions to the pension plan from the City totaled \$37,104 for the year ended June 30, 2022.

**Non-employer Contributions:** FRS also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue and excluded from pension expense. Total non-employer contributions recognized as income for the year ended June 30, 2022 were \$1,729.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** At June 30, 2022, the City reported a liability of \$21,447 for its proportionate share of the Net Pension Liability of FRS. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The City’s proportion of the Net Pension Liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City’s proportion was 0.006%, which was an increase of .006% of its proportion measured from the prior year.

The City’s FRS plan recognized pension expense of \$7,239.

The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 306	\$ 1,926
Changes of assumptions	4,647	-
Change in proportion and differences between the employer’s contributions and proportionate share of contributions	30,822	-
Net difference between projected and actual earnings on plan investments	-	13,016
Contributions subsequent to the measurement date	37,104	-
Total	<u>\$ 72,879</u>	<u>\$ 14,942</u>

CITY OF MARKSVILLE

Notes to Basic Financial Statements

Deferred outflows of resources of \$37,104 related to pensions resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year Ended June 30:	
2023	\$ 3,108
2024	3,000
2025	2,312
2026	1,423
2027	5,548
2028	<u>5,442</u>
	<u>\$ 20,833</u>

Actuarial Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees’ past periods of service, less the amount of FRS’s fiduciary net position.

A summary of the actuarial methods and assumptions used in determining the total pension liability of FRS as of June 30, 2021 are as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Live	7 years, closed period
Investment rate of return	6.90% per annum(net of investment expenses, including inflation)
Inflation rate	2.50% per annum
Salary increases	14.10% in the first two years of service and 5.20% wth 3 or more years of service: includes inflation and merit increases.
Cost of Living Adjustments	For the purpose of determining the present value of benefits COLAs were deemed not to be substantively automatic and only those previously granted were include.

## CITY OF MARKSVILLE

### Notes to Basic Financial Statements

The mortality rate assumptions were updated in fiscal year 2020 to reflect changes from the recent experience study and rates set in the Pub-2010 Public Retirement Plans mortality tables, as compared to the RP-2000 Combined Healthy and Disabled Lives tables that were used for the previous valuation. For the June 30, 2021 valuation, assumptions for mortality rates were based on the following:

- For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.
- For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.
- For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.
- In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP2019 scale.

The June 30, 2021, estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation as of January 2021 and the G.S. Curran & Company Consultant Average study for 2021. The Consultants' Average Study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long-term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. Subsequent to the actuary's calculation of the long term expected real rate of return in January 2021, the Board voted to amend the target asset allocation. These changes include an increase to target weight in public equity, a decrease in the target weight in fixed income, and the inclusion of a target weight in private real assets. The changes to the target asset allocation are reflected in the table below. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2022.

CITY OF MARKSVILLE

Notes to Basic Financial Statements

Best estimates of arithmetic real rates of return for each major class included in the System’s target asset allocation as of June 30, 2021, are summarized in the following table:

	Asset Type	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	U.S. Equity	27.50%	5.86%
	Non-U.S. Equity	11.50%	6.44%
	Global Equity	10.00%	6.40%
	Emerging Market Equity	7.00%	8.64%
Fixed Income	U.S Core Fixed Income	18.00%	0.97%
	U.S TIPS	3.00%	0.40%
	Emerging Market Debt	5.00%	2.75%
Alternatives	Real Estate	6.00%	5.31%
	Real Assets	3.00%	***
	Private Equity	9.00%	9.53%
Multi-Asset Strategies	Global Tactical Asset Allocation	0.00%	4.17%
	Risk Parity	0.00%	4.17%
		<u>100.00%</u>	

\*\*\* Subsequent to the actuary’s calculation of the long term expected real rate of return in January 2021, the Board voted to amend the target asset allocation (which included a target weight in private real assets).

Discount Rate: The discount rate used to measure the total pension liability was 6.90%, which was a decrease of .1% from the discount rate used in the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the FRS’s actuary. Based on those assumptions, FRS’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents FRS’s net pension liability of the participating employers calculated using the discount rate of 6.9%, as well as what the employers’ net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.9%, or one percentage point higher 7.9% than the current rate.

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
Net Pension Liability	\$ 41,145	\$ 21,447	\$ 5,020

## CITY OF MARKSVILLE

### Notes to Basic Financial Statements

#### C. Louisiana State Employees' Retirement System (LASERS)

**Plan Description:** Certain employees of the City are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS). Section 401 of Title 11 of the Louisiana Revised Statutes (LA R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefits terms, investments, and funding of the plan. LSERS issues a publicly available financial report that can be obtained at [www.lasers.net](http://www.lasers.net).

**Benefits Provided:** The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

**Retirement:** The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The rank-and-file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of credible service or at age 60 upon completing five to ten years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015, may retire at age 62 upon completing five years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective City. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate

## CITY OF MARKSVILLE

### Notes to Basic Financial Statements

for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirement, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification.

**Deferred Retirement Benefits:** The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

**Disability Benefits:** Active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

CITY OF MARKSVILLE

Notes to Basic Financial Statements

Upon reaching retirement age, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

Survivor Benefits: Certain eligible surviving dependents receive benefits based on the deceased member’s compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011 who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child. The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member’s spouse must have been married for at least one year before death.

Permanent Benefit Increases/Cost-of-Living Adjustments: As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs) that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

Contributions: Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (LA R.S. 11:401) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member’s salary and remitted to LASERS by participating employers.

The rates in effect for the various plans follow:

Plan	ORP	Rate
Regular Employees		
Pre Act 75 (hired before 07/01/06)	Closed	40.10%
Pre Act 75 (hired on or after 07/01/06)	Closed	40.10%
Pre Act 75 (hired on or after 01/01/11)	Closed	40.10%
Pre Act 75 (hired on or after 07/01/15)	Open	40.10%
Optional Retirement Plan (ORP)		
Pre Act 75 (hired before 07/01/06)	Closed	40.10%
Pre Act 75 (hired after 06/30/06)	Closed	40.10%
Hazardous Duty	Open	45.00%

CITY OF MARKSVILLE

Notes to Basic Financial Statements

The agency’s contractually required composite contribution rate for the year ended June 30, 2022 was 43.60% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the City totaled \$5,402.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2022, the City reported a liability of \$35,611 for its proportionate share of the LASERS net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Obligation was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City’s proportion was 0.007%, which was an increase of 0.001% of its proportion measured from the prior year.

The City recognized a pension benefit of \$1,458.

The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 35	\$ -
Change in assumptions	872	-
Change in proportion and differences between the employer's contributions and proportionate share of contributions	-	-
Net difference between projected and actual earnings on pension plan investments	-	8,305
Contributions subsequent to the measurement date	5,402	-
Total	<u>\$ 6,309</u>	<u>\$ 8,305</u>

Deferred outflows of resources related to pensions of \$5,402 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year Ended <u>June 30:</u>	
2023	\$ (534)
2024	(1,280)
2025	(1,887)
2026	<u>(3,697)</u>
	<u>\$ (7,398)</u>

CITY OF MARKSVILLE

Notes to Basic Financial Statements

Contributions – Proportionate Share: Differences between contributions remitted to the System and the employer’s proportionate share are recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the Schedule of Pension Amounts by Employer due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

Actuarial Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees’ past periods of service, less the amount of the pension plan’s fiduciary net position.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows:

Valuation Date	June 30, 2021
Actuarial cost method	Entry Age Normal Cost
Actuarial Assumptions:	
Excepted remaining service lives	2 years
Investment rate of return	7.40% per annum
Inflation rate	2.3% per annum
Mortality rates	Non-disabled members - Mortality rates based on the RP-2014 Healthy Mortality Table with mortality improvement projected using the MP-2018 Mortality Improvements Scale, applied on a fully basis.  Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability and Retirement	Termination, disability, and retirement assumptions were projected based on a five year (2014-2018) experience study if the System's members for 2019.

CITY OF MARKSVILLE

Notes to Basic Financial Statements

Salary increases were projected based on a 2014-2018 experience study of the System's members. The salary increase ranges for specific types of members are:

Member Type	Lower Range	Upper Range
Regular	3.0%	12.8%
Judges	2.6%	5.1%
Corrections	3.6%	13.8%
Hazardous Duty	3.6%	13.8%
Wildlife	3.6%	13.8%

Cost of Living Adjustments The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.61% for 2021.

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Cash	-0.29%
Domestic equity	4.09%
International equity	5.12%
Domestic Fixed Income	0.49%
International Fixed Income	3.94%
Alternative Investments	6.93%
Total	5.81%

CITY OF MARKSVILLE

Notes to Basic Financial Statements

Discount Rate: The discount rate used to measure the total pension liability was 7.40%. This is a decrease of .15% from the discount rate used in the previous year. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined.

Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current active plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Employer’s proportionate share of the net pension liability calculated using the discount rate of 7.40%, as well as what the Employer’s proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.40%) or one percentage-point higher (8.40%) than the current rate:

	1% Decrease 6.40%	Current Discount Rate 7.40%	1% Increase 8.40%
Net Pension Liability	\$ 48,250	\$ 35,611	\$ 24,856

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan’s fiduciary net position is available in the separately issued LASERS 2021 Comprehensive Annual Financial Report at [www.lasersonline.org](http://www.lasersonline.org).

(11) Litigation and Claims

At June 30, 2022, the City is a defendant in pending litigation. While damages are alleged, the outcome of this litigation cannot be predicted with certainty.

(12) Risk Management

The City is exposed to risks of loss in the areas of general and auto liability, property hazards and workers’ 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, nor have settlements exceeded coverage for the past three years.

CITY OF MARKSVILLE

Notes to Basic Financial Statements

(13) Interfund Transactions

A. Interfund transfers consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General fund	\$3,099,848	\$ 2,316
1% Sales Tax Fund	15,000	1,705,877
1/2% Sales Tax Fund	5,000	812,421
1/2% Public Safety Sales Tax Fund	-	1,046,632
Nonmajor governmental funds	<u>121,064</u>	<u>3,467</u>
Total governmental funds	<u>3,240,912</u>	<u>3,570,713</u>
Proprietary Funds:		
Water System Fund	178,249	98,555
Sewer System Fund	<u>250,759</u>	<u>652</u>
Total proprietary funds	<u>429,008</u>	<u>99,207</u>
Total	<u>\$3,669,920</u>	<u>\$3,669,920</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the different funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

B. A summary of interfund receivables and payables are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major governmental funds:		
General Fund	\$ 64,689	\$ -
1% Sales Tax Fund	279,944	-
1/2% Sales Tax Fund	-	139,972
1/2% Public Safety Sales Tax Fund	-	139,972
Nonmajor government fund	<u>-</u>	<u>126,712</u>
Total governmental funds	<u>344,633</u>	<u>406,656</u>
Proprietary Funds:		
Water System Fund	60,288	-
Sewer System Fund	<u>1,735</u>	<u>-</u>
Total proprietary funds	<u>62,023</u>	<u>-</u>
Total	<u>\$ 406,656</u>	<u>\$ 406,656</u>

The above amounts are for reimbursements owed for expenditures paid for those funds and for short term loans.

CITY OF MARKSVILLE

Notes to Basic Financial Statements

(14) On-Behalf Payment of Salaries

The State of Louisiana paid the City's policemen and firemen \$168,116 of supplemental pay during the year ended June 30, 2022. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

CITY OF MARKSVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes -				
Property taxes	\$ 285,100	\$ 250,000	\$ 247,353	\$ (2,647)
Franchise fees	222,000	192,005	185,508	(6,497)
Fees and Fines	2,500	1,385	1,537	152
Licenses and permits	320,000	386,350	383,497	(2,853)
Intergovernmental	169,600	420,599	595,307	174,708
Other	110,305	143,434	152,298	8,864
Total revenues	<u>1,109,505</u>	<u>1,393,773</u>	<u>1,565,500</u>	<u>171,727</u>
<b>Expenditures:</b>				
General government -				
Finance and administrative	313,790	348,229	399,247	(51,018)
Judicial	118,400	118,530	127,527	(8,997)
Public safety -				
Fire protection	655,700	732,010	781,692	(49,682)
Police protection	1,458,750	1,468,555	1,402,267	66,288
Public works -				
Streets	767,900	1,166,575	1,041,610	124,965
Beautification	164,300	213,711	216,971	(3,260)
Capital expenditures	-	382,260	426,518	(44,258)
Debt service -				
Principal	116,000	116,000	198,928	(82,928)
Interest expense	5,600	4,780	14,887	(10,107)
Total expenditures	<u>3,600,440</u>	<u>4,550,650</u>	<u>4,609,647</u>	<u>(58,997)</u>
Deficiency of revenues over expenditures	<u>(2,490,935)</u>	<u>(3,156,877)</u>	<u>(3,044,147)</u>	<u>112,730</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	2,500,000	2,968,265	3,099,848	131,583
Operating transfers out	-	(8,755)	(2,316)	6,439
Proceeds from capital lease	-	197,367	197,367	-
Total other financing sources	<u>2,500,000</u>	<u>3,156,877</u>	<u>3,294,899</u>	<u>138,022</u>
Net change in fund balance	9,065	-	250,752	250,752
Fund balance, beginning	<u>218,633</u>	<u>218,633</u>	<u>218,633</u>	<u>-</u>
Fund balance, ending	<u>\$ 227,698</u>	<u>\$ 218,633</u>	<u>\$ 469,385</u>	<u>\$ 250,752</u>

CITY OF MARKSVILLE, LOUISIANA  
1% Sales Tax Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes -				
Sales	\$ 1,710,000	\$ 1,802,380	\$ 1,841,353	\$ 38,973
Miscellaneous	1,500	220	209	(11)
Total revenues	<u>1,711,500</u>	<u>1,802,600</u>	<u>1,841,562</u>	<u>38,962</u>
Expenditures:				
General government -				
Finance and administrative	<u>30,000</u>	<u>50,000</u>	<u>151,067</u>	<u>(101,067)</u>
Excess of revenues over expenditures	<u>1,681,500</u>	<u>1,752,600</u>	<u>1,690,495</u>	<u>(62,105)</u>
Other financing sources (uses):				
Operating transfers in	-	-	15,000	15,000
Operating transfers out	<u>(1,211,500)</u>	<u>(1,511,045)</u>	<u>(1,705,877)</u>	<u>(194,832)</u>
Total other financing sources (uses)	<u>(1,211,500)</u>	<u>(1,511,045)</u>	<u>(1,690,877)</u>	<u>(179,832)</u>
Net change in fund balance	470,000	241,555	(382)	(241,937)
Fund balance, beginning	<u>870,218</u>	<u>870,218</u>	<u>870,218</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,340,218</u>	<u>\$ 1,111,773</u>	<u>\$ 869,836</u>	<u>\$ (241,937)</u>

CITY OF MARKSVILLE, LOUISIANA  
1/2 % Sales Tax Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Taxes -				
Sales	\$ 855,000	\$ 901,190	\$ 920,676	\$ 19,486
Miscellaneous	700	125	127	2
Total revenues	<u>855,700</u>	<u>901,315</u>	<u>920,803</u>	<u>19,486</u>
Expenditures:				
General government -				
Finance and administrative	<u>25,000</u>	<u>68,300</u>	<u>58,617</u>	<u>9,683</u>
Excess of revenues over expenditures	<u>830,700</u>	<u>833,015</u>	<u>862,186</u>	<u>29,169</u>
Other financing sources (uses):				
Operating transfers in	-	-	5,000	5,000
Operating transfers (out)	<u>(775,900)</u>	<u>(751,025)</u>	<u>(812,421)</u>	<u>(61,396)</u>
Total other financing sources (uses)	<u>(775,900)</u>	<u>(751,025)</u>	<u>(807,421)</u>	<u>(56,396)</u>
Net change in fund balance	54,800	81,990	54,765	34,169
Fund balance, beginning	<u>149,855</u>	<u>149,855</u>	<u>149,855</u>	<u>-</u>
Fund balance, ending	<u>\$ 204,655</u>	<u>\$ 231,845</u>	<u>\$ 204,620</u>	<u>\$ 34,169</u>

CITY OF MARKSVILLE, LOUISIANA  
1/2 % Public Safety Sales Tax Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
<b>Revenues:</b>				
Taxes -				
Sales	\$ 855,000	\$ 901,190	\$ 920,676	\$ 19,486
Miscellaneous	-	-	6,584	6,584
Total revenues	<u>855,000</u>	<u>901,190</u>	<u>927,260</u>	<u>19,486</u>
<b>Expenditures:</b>				
General government -				
Finance and administrative	25,000	25,000	14,593	10,407
Public safety -				
Fire	12,500	13,000	-	13,000
Police	15,000	15,000	-	15,000
Total expenditures	<u>52,500</u>	<u>53,000</u>	<u>14,593</u>	<u>23,407</u>
Excess of revenues over expenditures	<u>802,500</u>	<u>848,190</u>	<u>912,667</u>	<u>42,893</u>
<b>Other financing sources (uses):</b>				
Operating transfers out	<u>(800,000)</u>	<u>(1,119,040)</u>	<u>(1,046,632)</u>	<u>72,408</u>
Net change in fund balance	2,500	(270,850)	(133,965)	115,301
Fund balance, beginning	<u>171,514</u>	<u>171,514</u>	<u>171,514</u>	<u>-</u>
Fund balance, ending	<u>\$ 174,014</u>	<u>\$ (99,336)</u>	<u>\$ 37,549</u>	<u>\$ 115,301</u>

CITY OF MARKSVILLE, LOUISIANA

Schedule of Employer's Share of Net Pension Liability  
For the Year Ended June 30, 2022

* Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<b>Municipal Police Employees' Retirement System</b>					
2022	0.014%	\$ 75,070	\$ 62,425	120.3%	84.09%
2021	0.015%	\$ 137,748	\$ 42,967	320.6%	75.50%
2020	0.012%	\$ 113,476	\$ 46,033	246.5%	72.89%
2019	0.016%	\$ 132,593	\$ 42,566	311.5%	73.23%
2018	0.021%	\$ 179,122	\$ 61,250	292.4%	70.01%
2017	0.031%	\$ 291,045	\$ 81,461	357.3%	66.04%
2016	0.032%	\$ 248,352	\$ 84,937	292.4%	70.73%
2015	0.032%	\$ 202,053	\$ 84,800	238.3%	75.10%
<b>Firefighter's Retirement System</b>					
2022	0.006%	\$ 21,447	\$ 17,642	121.6%	86.78%
2021	0.000%	\$ -	\$ 4,896	0.0%	72.61%
<b>Louisiana State Employees' Retirement System</b>					
2022	0.007%	\$ 35,611	\$ 12,362	288.1%	72.78%
2021	0.006%	\$ 51,692	\$ 12,362	418.2%	58.00%
2020	0.007%	\$ 46,875	\$ 12,362	379.2%	62.90%
2019	0.007%	\$ 46,103	\$ 12,362	372.9%	64.30%
2018	0.007%	\$ 49,413	\$ 12,362	399.7%	62.50%
2017	0.007%	\$ 54,811	\$ 12,362	443.4%	57.70%
2016	0.000%	\$ -	\$ -	0.0%	0.00%
2015	0.007%	\$ 42,957	\$ 12,362	347.5%	65.00%

\* The amounts presented have a measurement date of the previous fiscal year end.

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

CITY OF MARKSVILLE, LOUISIANA

Schedule of Employer Contributions  
For the Year Ended June 30, 2022

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
<b>Municipal Police Employees' Retirement System</b>					
2022	\$ 18,571	\$ 18,571	\$ -	\$ 62,425	29.75%
2021	\$ 14,501	\$ 14,501	\$ -	\$ 42,967	33.75%
2020	\$ 15,536	\$ 15,536	\$ -	\$ 43,066	33.75%
2019	\$ 13,728	\$ 13,728	\$ -	\$ 42,566	32.50%
2018	\$ 13,125	\$ 13,125	\$ -	\$ 42,683	30.75%
2017	\$ 19,447	\$ 19,447	\$ -	\$ 61,251	31.75%
2016	\$ 25,660	\$ 25,660	\$ -	\$ 81,460	31.50%
2015	\$ 26,712	\$ 26,712	\$ -	\$ 84,800	31.50%
<b>Firefighter's Retirement System</b>					
2022	\$ 37,104	\$ 37,104	\$ -	\$ 109,938	33.75%
2021	\$ 4,896	\$ 4,896	\$ -	\$ 15,181	32.25%
<b>Louisiana State Employees' Retirement System</b>					
2022	\$ 5,402	\$ 5,402	\$ -	\$ 12,362	43.70%
2021	\$ 5,241	\$ 5,241	\$ -	\$ 12,362	42.50%
2020	\$ 5,241	\$ 5,241	\$ -	\$ 12,362	42.40%
2019	\$ 5,241	\$ 5,241	\$ -	\$ 12,362	42.40%
2018	\$ 4,936	\$ 4,936	\$ -	\$ 12,362	40.10%
2017	\$ 4,698	\$ 4,698	\$ -	\$ 12,362	38.00%
2016	\$ 1,421	\$ 1,421	\$ -	\$ 4,710	38.10%
2015	\$ -	\$ -	\$ -	\$ -	0.00%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

CITY OF MARKSVILLE, LOUISIANA

Notes to the Required Supplementary Information  
Year Ended June 30, 2022

(1) Retirement Systems

A. Changes in Benefit Terms

There were no changes in benefit terms.

B. Changes in Assumptions

Year ended June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service lives	Projected Salary Increase
<b>* Municipal Employees Police Retirement System of (MPERS)</b>					
2015	7.750%	7.750%	3.000%	4	4% - 10%
2016	7.500%	7.500%	2.875%	4	4.25% - 9.75%
2017	7.500%	7.500%	2.875%	4	4.25% - 9.75%
2018	7.325%	7.325%	2.700%	4	4.25% - 9.75%
2019	7.200%	7.200%	2.600%	4	4.25% - 9.75%
2020	7.125%	7.125%	2.500%	4	4.25% - 9.75%
2021	6.950%	6.950%	2.500%	4	4.70% - 12.30%
2022	6.750%	6.750%	2.500%	4	4.70% - 12.30%
<b>* Firefighters Retirement System of Louisiana</b>					
2015	7.750%	7.750%	3.000%	7	5.50%- 15.0%
2016	7.500%	7.500%	2.875%	7	4.75%- 15.0%
2017	7.500%	7.500%	2.875%	7	4.75%- 15.0%
2018	7.400%	7.400%	2.775%	7	4.75%- 15.0%
2019	7.300%	7.300%	2.700%	7	4.75%- 15.0%
2020	7.150%	7.150%	2.500%	7	4.50% - 14.75%
2021	7.000%	7.000%	2.500%	7	5.20% - 14.10%
2022	6.900%	6.900%	2.500%	7	5.20% - 14.10%
<b>* Louisiana State Employees' Retirement System (LASERS)</b>					
2015	7.750%	7.750%	3.000%	3	3.0% - 14.5%
2016	7.750%	7.750%	3.000%	3	3.0% - 14.5%
2017	7.750%	7.750%	3.000%	3	3.6% - 14.5%
2018	7.700%	7.700%	2.750%	3	2.8% - 14.3%
2019	7.650%	7.650%	2.750%	3	2.8% - 14.3%
2020	7.600%	7.600%	2.500%	2	2.8% - 14.0%
2021	7.550%	7.550%	2.300%	2	2.6% - 13.8%
2022	7.400%	7.400%	2.300%	2	2.6% - 13.8%

\* The amounts presented have a measurement date of the previous June 30.

CITY OF MARKSVILLE, LOUISIANA

Notes to the Required Supplementary Information  
Year Ended June 30, 2022

(2) Budget and Budgetary Accounting

The City Charter establishes the fiscal year as the twelve-month period beginning July 1. The procedures detailed below are followed in establishing the budgetary data reflected in the financial statements.

The Mayor and Secretary Treasurer prepare a proposed budget based on an estimate of the revenues expected to be received in the next fiscal year and submits the proposal to the Board of Aldermen. A summary of the proposed Budget is published, and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is set.

A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

As required by state law, the budgets are amended whenever projected revenue fails to meet original expectations or when projected expenditures exceed original expectations. Budgetary amounts are presented as amended and all budgetary appropriations lapse at the end of the fiscal year.

(3) Excess of Expenditures Over Appropriations

The City incurred expenditures in excess of appropriations in the General Fund and the 1% Sales Tax Fund, respectively.

**OTHER  
SUPPLEMENTARY  
INFORMATION**

CITY OF MARKSVILLE, LOUISIANA

Nonmajor Governmental Funds  
 Combining Balance Sheet  
 June 30, 2022

	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	<u>\$ 88,371</u>	<u>\$ 280,703</u>	<u>\$ 369,074</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Interfund payables	<u>-</u>	<u>126,712</u>	<u>126,712</u>
Deferred inflows of resources:			
Unearned grant revenues	<u>-</u>	<u>48,592</u>	<u>48,592</u>
Fund balances:			
Restricted for:			
Debt service	88,371	-	88,371
Capital outlay	<u>-</u>	<u>105,399</u>	<u>105,399</u>
Total fund balances	<u>88,371</u>	<u>105,399</u>	<u>193,770</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 88,371</u>	 <u>\$ 280,703</u>	 <u>\$ 369,074</u>

CITY OF MARKSVILLE, LOUISIANA

Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 For the Year Ended June 30, 2022

	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>
Expenditures:			
General government	\$ 200	\$ -	\$ 200
Debt service			
Principal	96,000	-	96,000
Interest	<u>15,657</u>	<u>-</u>	<u>15,657</u>
Total expenditures	<u>111,857</u>	<u>-</u>	<u>111,857</u>
Other financing sources (uses):			
Operating transfers in	115,200	5,864	121,064
Operating transfers out	(3,467)	-	(3,467)
Interest income	<u>81</u>	<u>2,254</u>	<u>2,335</u>
Total other financing sources	<u>111,814</u>	<u>8,118</u>	<u>119,932</u>
Net change in fund balance	(43)	8,118	8,075
Fund balances, beginning	<u>88,414</u>	<u>97,281</u>	<u>185,695</u>
Fund balances, ending	<u>\$ 88,371</u>	<u>\$ 105,399</u>	<u>\$ 193,770</u>

CITY OF MARKSVILLE, LOUISIANA

Schedule of Compensation, Benefits, and  
Other Payments to Agency Head  
June 30, 2022

Agency Head: John Lemoine, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 7,055
Expense Allowance	<u>700</u>
	<u>\$ 7,755</u>

CITY OF MARKSVILLE, LOUISIANA

Schedule of Compensation Paid to Council Members  
Year Ended June 30, 2022

City Council Members -

Michael Gremillion, Mayor Pro-Tem	\$ 6,455
Frank Haravd	6,455
Clyde Benson	6,390
Joseph Smith II	6,455
Mary E. Sampson	<u>6,455</u>
	<u>\$ 32,210</u>

CITY OF MARKSVILLE, LOUISIANA

Schedule of Insurance In Force  
June 30, 2022

<u>Description of Coverage</u>	<u>Asset Covered</u>	<u>Insurance Company</u>	<u>Policy Number</u>	<u>Expiration Date</u>
Workers' Compensation	Employees	1st Insurance	163785-S	10/21/2023
Property Policy	City Hall	1st Insurance	ESC107428	6/21/2023
	Police Station	1st Insurance	ESC107428	
	Street Department	1st Insurance	ESC107428	
	DA Jordan Complex	1st Insurance	ESC107428	
	Hypolite Bordelon	1st Insurance	ESC107428	
	Sewer Department	1st Insurance	ESC107428	
	Water Department	1st Insurance	ESC107428	
	Mary Bethune Gym	1st Insurance	ESC107428	
Auto Liability	Fleet	LA Municipal Risk Association	100-0346-14950	1/1/2023
Fire	Fire Station	VFIS	VFNU-CM-0003163-02	1/1/2023
	Auto	VFIS	VFNU-TR-0003164-02	1/1/2023
Blanket Bond	Mayor	Western Surety	54703433	7/1/2025
	City Secretary Treasurer	Western Surety	54703437	7/1/2023
	Mayor Pro- Temp	Western Surety	54941152	7/1/2023
	Police Chief	Western Surety	54703439	7/1/2023
	Payroll Chief	Western Surety	54703436	7/1/2023
	Waterworks Clerks	Western Surety	71064330	7/1/2023
	City of Marksville	Western Surety	12395480	7/1/2023

CITY OF MARKSVILLE, LOUISIANA  
Enterprise Funds  
Utility Funds

Schedule of Number of Utility Customers  
Years Ended June 30, 2022 and 2021

Records maintained by the City indicated the following number of customers were being serviced during the month of June, 2022 and 2021:

<u>Department</u>	<u>2022</u>	<u>2021</u>
Water:		
Commercial	361	363
Residential	<u>2,185</u>	<u>2,486</u>
Total	<u>2,546</u>	<u>2,849</u>
Sewerage:		
Commercial	347	351
Residential	<u>1,974</u>	<u>2,024</u>
Total	<u>2,321</u>	<u>2,375</u>

CITY OF MARKSVILLE, LOUISIANA

Justice System Funding Schedule - Receiving Entity  
 As Required by ACT 87 of the 2020 Regular Legislative Session  
 Cash Basis Presentation  
 Year Ended June 30, 2022

	First Six Month Period Ended <u>12/31/2021</u>	Second Six Month Period <u>Ended 6/30/2022</u>
Receipts From:		
12th Judicial District Attorney, Asset Seizures	\$ 5,831	\$ -
Marksville City Court, Witness Fees	515	675
Marksville City Court, Criminal Court Costs/Fees	<u>463</u>	<u>1,075</u>
 Total Receipts	 <u>\$ 6,809</u>	 <u>\$ 1,750</u>

**INTERNAL CONTROL,  
COMPLIANCE AND  
OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

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

The Honorable John Lemoine, Mayor  
and Members of the City Council  
City of Marksville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marksville, Louisiana (the City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 15, 2022.

### Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in

internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 through 2022-004 that we consider to be significant deficiencies.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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 findings and questioned costs as items 2022-005 and 2022-006.

### **City of Marksville, Louisiana's Response to Audit Findings**

*Government Auditing Standards* require the auditor to perform limited procedures on the City of Marksville's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
December 15, 2022

# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Honorable John Lemoine, Mayor  
and Members of the City Council  
City of Marksville, Louisiana

### Report on Compliance for Each Major Federal Program

#### *Opinion on Each Major Federal Program*

We have audited the City of Marksville, Louisiana's (City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2022. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2022.

#### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal programs.

### ***Auditor's Responsibilities for Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type

of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
December 15, 2022

CITY OF MARKSVILLE, LOUISIANA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Name	Assistance Listing Number	Pass-Through Identifying No.	Federal Expenditures	Amounts Passed Through to Subrecipients
Department of Transportation				
Passed-through State of Louisiana Office of Community Development				
Formula Grants for Rural Areas	20.509	LA-2017-013-00	\$ 170,679	\$ -
Department of Treasury -				
Passed-through the State of Louisiana Division of Administration				
Coronavirus State and Local Recovery Funds	21.027	N/A	<u>940,152</u>	<u>-</u>
Total Federal Awards			<u>\$ 1,110,831</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule.

CITY OF MARKSVILLE, LOUISIANA

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022

(1) General

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the City of Marksville, Louisiana (City) under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, or changes in net assets of the City.

(2) Basis of Accounting

Expenditures reported on the accompanying Schedule of Expenditures of Federal Awards are presented using the modified accrual basis of accounting, which is described in Note 1 to the City’s financial statements. Such expenditures are recognized following the principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

(4) Department of the Treasury – Coronavirus State and Local Fiscal Recovery Funds – 21.027

For the year ended June 30, 2022, a total of \$988,744 in grant funding was received from the Department of Treasury– Coronavirus State and Local Fiscal Recovery Fund. Of the total funding received, \$940,152 was expended and is reported on the current year SEFA. The balance of these grant funds, \$48,592, was recorded as unearned revenue at year end and will be recognized as income, as well as reported as expenditures on the SEFA, in a future period.

CITY OF MARKSVILLE, LOUISIANA

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022

Part I. Summary of Auditor's Results:

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No  
Significant deficiencies identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?  Yes  No  
Significant deficiencies identified?  Yes  None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?  Yes  No

Major program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000.

Auditee qualified as low risk auditee.  Yes  No

Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

**A. Internal Control Findings -**

See internal control findings 2022-001, 2022-002, 2022-003 and 2022-004 on the schedule of current and prior year audit findings and management's corrective action plan.

CITY OF MARKSVILLE, LOUISIANA

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022

**B. Compliance Findings –**

See compliance findings 2022-005 and 2022-006 on the schedule of current and prior year audit findings and management's corrective action plan.

Part III. Findings and questioned costs – Federal Award Programs

**A. Internal Control Findings –**

None reported.

**B. Compliance Findings -**

None reported.

CITY OF MARKSVILLE, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
Year Ended June 30, 2022

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2022-001 Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: 2022

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities in the financial statement preparation process.

CRITERIA: The City's internal control over financial reporting includes policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements, including the ability of management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The cause of the condition results from a reliance on the external auditor as part of the internal control process.

EFFECT: Financial statements and related supporting transactions may reflect a departure from generally accepted accounting principles.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

MANAGEMENT'S CORRECTIVE ACTION PLAN: We evaluated the cost vs. benefit of establishing enhanced internal controls over financial statement preparation and determined that it would not be cost effective to enhance these controls. Currently, our financial staff receive annual training related to their job duties and we carefully review the financial statements, related notes, and proposed adjustments. All questions are adequately addressed by our auditors which allows us to appropriately supervise these functions. We feel the appropriate steps have been taken to reduce the financial statement risk related to this finding.

CITY OF MARKSVILLE, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
Year Ended June 30, 2022

2022-002 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2019

CONDITION: The City of Marksville did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the fact that the City does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City concurs with the audit finding. Due to the size of staffing, the achievement of adequate segregation of duties is desirable, but cost prohibitive. All efforts are made to segregate duties where feasible. In an effort to establish more sound controls the City monitors activity and balances in all fund accounts.

CITY OF MARKSVILLE, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
Year Ended June 30, 2022

2022-003 Utility Accounts Receivable and Customer Deposits Subsidiary Ledger

Fiscal year finding initially occurred: 2019

CONDITION: The City is not maintaining an accurate subsidiary ledger for utility accounts receivables and customer deposits, and the subsidiary ledgers are not being reconciled to the meter cash account balances and general ledger accounts.

CRITERIA: Internal controls should be in place to reconcile the subsidiary ledgers for utility accounts receivable and customer deposits to the general ledger and meter cash account to ensure all activity is properly recorded.

CAUSE: The cause of the condition is the fact that the City is not reconciling the accounts receivables and customer deposit subsidiary ledgers to the general ledgers on a reoccurring basis.

EFFECT: Failure to reconcile these subsidiary ledgers could result in cash missing and customers not receiving proper credit on billings and their deposits.

RECOMMENDATION: The accounts receivable and customer deposit subsidiary ledgers should be reconciled to the cash account and general ledger on a monthly basis.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management of the City of Marksville will review procedures related to the collections and recording of utility receivables and customer deposits and implement the proper procedures to reconcile the subsidiary ledgers on a monthly basis.

2022-004 Policies and Procedures

Fiscal year finding initially occurred: 2019

CONDITION: The City has not adopted policies and procedures for water meter and sewer deposits, utility customer billings and billing adjustments, utility collections, reconciliation of utility accounts, job duties, safeguarding of public property, payroll processing, reviewing/approving time and attendance records, approving employee rates of pay, ensuring compliance with public bid law, continuing disclosure/EMMA reporting requirements, agency responsibilities/prohibitions under R.S. 43:342-344, required annual sexual harassment training, annual sexual harassment reporting, and documentation of the notification of changes to the City's ethics policies.

CITY OF MARKSVILLE, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
Year Ended June 30, 2022

CRITERIA: Written policies and procedures are necessary to provide a clear understanding of day-to-day operations of the City.

CAUSE: The City has not properly documented policies and procedures that should be followed for the areas of day-to-day operation of the City noted above.

EFFECT: Failure to adopt and maintain written policies and procedures increases the risk of not having continuity of operations and errors and/or irregularities, including fraud and/or defalcations, may occur and not be prevented and/or detected in a timely manner.

RECOMMENDATION: Management should adopt formal written policies and procedures for each of the areas noted above.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City is continuing to develop and adopt policies and procedures for all areas of the City's operations noted above.

B. Compliance and other matters

2022-005 Budget Amendment

Fiscal year finding initially occurred: 2022

CONDITION: Actual expenditures exceeded budget expenditures by more than 5% in the 1% Sales Tax Fund.

CRITERIA: Louisiana State Statute RS 39:1311 *Budgetary Authority and Control*, provides for budget amendments when:

“(1) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by 5% or more.”

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures necessary to monitor revenues in the 1% Sales Tax Fund.

EFFECT: The City may not prevent and/or detect compliance violations as a result of actual expenditures exceeding budgeted expenditures in the 1% Sales Tax Fund in a timely manner.

CITY OF MARKSVILLE, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
Year Ended June 30, 2022

RECOMMENDATION: Management should periodically compare actual expenditures to budgeted expenditures in the 1% Sales Tax Fund to identify the need for budget amendments in a timelier manner.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management has agreed to adhere to the provisions of LSA-RS: 39:1911 et seq by monitoring financial statements closely and amending the budget in the event that actual expenditures plus projected expenditures exceed budgeted expenditures by 5% or more.

2022-006 Deficit Amended Budget

Fiscal year finding initially occurred: 2022

CONDITION: The City adopted an amended deficit budget for the 1/2% Public Safety Sales Tax Fund.

CRITERIA: Louisiana State Statute LSA-RS 39:1305E *Budget Preparation*, provides the following:

"The total of proposed expenditures shall not exceed the total of estimated funds available for the ensuing fiscal year."

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures necessary to monitor budgeted expenditures in the 1/2% Public Safety Sales Tax Fund.

EFFECT: The City may not prevent and/or detect compliance violations as a result of budgeted expenditures exceeding available funds in the 1/2% Public Safety Sales Tax Fund in a timely manner.

RECOMMENDATION: Management should periodically compare actual expenditures to available funds in the 1/2% Public Safety Sales Tax Fund to identify the need for budget amendments in a timelier manner.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management has agreed to adhere to the provisions of LSA-RS: 39:1305E by monitoring financial statements closely and amending the budget to ensure total budgeted expenditures do not exceed the total of estimated available funds for the ensuing fiscal year.

CITY OF MARKSVILLE, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
Year Ended June 30, 2022

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2021-001 Inadequate Financial Management of the Utility System

CONDITION: The City has no written policies and procedures for the Utility Systems with respect to meter deposits, customer billings, collections, reconciliation of accounts, personnel job responsibilities and safeguarding of public property.

RECOMMENDATION: Management should (1) institute policies and/or procedures for water meter and sewer deposits, customer billings, billing adjustments, collections, reconciliation of accounts, job duties and safeguarding of public property, (2) ensure that the critical accounting functions are adequately segregated, and monthly bank reconciliations are reviewed, and all collections deposited in a timely manner, (3) reconcile the utility billings, bank accounts and general ledger accounts affiliated with utility collections, (4) reconcile the water meter and sewer deposits among all sources, and (5) ensure all accounts are reviewed and inactive water meter and sewer deposits are applied to accounts and refunded on a timely basis.

CURRENT STATUS: Unresolved. See item 2022-002, 2022-003 and 2022-004.

C. Compliance and other matters

2021-002 Timely Submission of Report

CONDITION: The annual audited financial report was not submitted to the Louisiana Legislative Auditor within the required time frame.

RECOMMENDATION: Continue to monitor timeliness and work with the auditor to submit the audit report within the required time of six months after year end.

CURRENT STATUS: Resolved.

# City of Marksville

427 N. WASHINGTON ST./ PHONE 318-253-9500 / MARKSVILLE, LA 71351

JOHN H. LEMOINE, MAYOR



December 15, 2022

CRAIG COTIRELL

SEC. TRES.

JONATHAN GASPARD

CITY ATTORNEY

## COUNCIL MEMBERS

FRANK HARVARD

District 1

MICHAEL J. GREMILUON

(MAYOR Pro-T m)

District 2

TORRICK FRIELS

District 3

JOSEPH SMITH

District 4

ANITA M. SAUCIER

Districts

The City of Marksville, Louisiana respectfully submits the following corrective action plan for the year ended June 30, 2022.

### **Audit Conducted By:**

Kolder, Slaven & Company, LLC  
1428 Metro Drive  
Alexandria, LA 71301

**Audit Period:** Fiscal Year Ended June 30, 2022

The findings from the June 30, 2022 schedule of findings and questioned costs are discussed below. Each finding is numbered consistently with the number assigned in the schedule.

## **FINDING – FINANCIAL AUDIT**

### **Internal Controls - Significant Deficiencies**

2022-001 Application of Generally Accepted Accounting Principles (GAAP)  
Fiscal year finding initially occurred 2022

**RECOMMENDATION:** Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

**MANAGEMENT'S CORRECTIVE ACTION PLAN:** We evaluated the cost vs. benefit of establishing enhanced internal controls over financial statement preparation and determined that it would not be cost effective to enhance these controls. Currently, our financial staff receive annual training related to their job duties and we carefully review the financial statements, related notes, and proposed adjustments. All questions are adequately addressed by our auditors which allows us to appropriately supervise these functions. We feel the appropriate steps have been taken to reduce the financial statement risk related to this finding.

2022-002 Inadequate Segregation of Accounting Functions  
Fiscal year finding initially occurred 2019

**RECOMMENDATION:** Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

**MANAGEMENT'S CORRECTIVE ACTION PLAN:** The City concurs with the audit finding. Due to the size of staffing, the achievement of adequate segregation of duties is desirable, but cost prohibitive. All efforts are made to segregate duties where feasible. In an effort to establish more sound controls the City monitors activity and balances in all fund account

2022-003 Utility Accounts Receivable and Customer Deposits Subsidiary Ledger  
Fiscal year finding initially occurred 2019

RECOMMENDATION: The accounts receivable and customer deposit subsidiary ledgers should be reconciled to the cash account and general ledger on a monthly basis.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management of the City of Marksville will review procedures related to the collections and recording of utility receivables and customer deposits and implement the proper procedures to reconcile the subsidiary ledgers on a monthly basis.

2022-004 Policies and Procedures  
Fiscal year finding initially occurred 2019

RECOMMENDATION: Management should adopt formal written policies and procedures for each of the areas noted above.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City is continuing to develop and adopt policies and procedures for all areas of the City's operations noted above.

#### Compliance

2002-005 Budget Amendment  
Fiscal year finding initially occurred 2022

RECOMMENDATION: Management should periodically compare actual expenditures to budgeted expenditures in the 1% Sales Tax Fund to identify the need for budget amendments in a timelier manner.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management has agreed to adhere to the provisions of LSA-RS: 39:1911 et seq by monitoring financial statements closely and amending the budget in the event that actual expenditures plus projected expenditures exceed budgeted expenditures by 5% or more.

2022-006 Deficit Amended Budget  
Fiscal year finding initially occurred 2022

RECOMMENDATION: Management should periodically compare actual expenditures to available funds in the 1/2% Public Safety Sales Tax Fund to identify the need for budget amendments in a timelier manner.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management has agreed to adhere to the provisions of LSA-RS: 39:1305E by monitoring financial statements closely and amending the budget to ensure total budgeted expenditures do not exceed the total of estimated available funds for the ensuing fiscal year.

If there are questions regarding this plan, please call Craig Cottrell, Secretary Treasurer, at 318-253-9500.

Sincerely,

Craig Cottrell  
Secretary Treasurer

# City of Marksville

427 N. WASHINGTON ST./ PHONE 318-253-9500 / MARKSVILLE, LA 71351

JOHN H. LEMOINE, MAYOR



December 15, 2022

CRAIG COTIRELLI

SEC. TRES.

JONATHAN GASPARD

CITY ATTORNEY

## COUNCIL MEMBERS

FRANK HARVARD

District 1

MICHAEL J. GREMILUON

(MAYOR Pro-Tem)

District 2

TORRICK FRIELS

District 3

JOSEPH SMITH

District 4

ANITA M. SAUCIER

Districts

The City of Marksville, Louisiana respectfully submits the following schedule of prior year audit findings for the year ended June 30, 2022.

### Audit Conducted By:

Ducote & Company  
219 North Washington Street  
Marksville, LA 71351

The findings from the June 30, 2022 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

## FINDING – FINANCIAL AUDIT

### Internal Controls - Significant Deficiencies

2021-001 Inadequate Financial Management of the Utility System  
Fiscal year finding initially occurred: 2019

**RECOMMENDATION:** Management should (1) institute policies and/or procedures for water meter and sewer deposits, customer billings, billing adjustments, collections, reconciliation of accounts, job duties and safeguarding of public property, (2) ensure that the critical accounting functions are adequately segregated, and monthly bank reconciliations are reviewed, and all collections deposited in a timely manner, (3) reconcile the utility billings, bank accounts and general ledger accounts affiliated with utility collections, (4) reconcile the water meter and sewer deposits among all sources, and (5) ensure all accounts are reviewed and inactive water meter and sewer deposits are applied to accounts and refunded on a timely basis.

**MANAGEMENT'S CORRECTIVE ACTION PLAN:** Partially resolved. See 2022-002, and 2022-003. Management will continue to develop policies and procedures for all systems and functions of the utility departments. City administration continues to meet with the management of the department to discuss and implement procedures as recommended and will implement an additional level of oversight over the department. City management is pursuing the acquisition of a new computerized accounting and utility billing system which will fully integrate the utility departments with the city-wide accounting system. This would provide additional internal controls to incorporate with other internal controls being developed.

### Compliance

2021-002 Timely Submission of Report  
Fiscal year finding initially occurred: 2021

**RECOMMENDATION:** Continue to monitor timeliness and work with the auditor to submit the audit report within the required time of six months after year end.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Resolved. The City submitted its 2022 annual audited financial statements to the Legislative Auditor's office in a timely manner.

If there are questions regarding this plan, please contact Mr. Craig Cottrell, Secretary Treasurer at 318-253-9500

Sincerely,

Craig Cottrell  
Secretary Treasurer

**City of Marksville**  
Marksville, Louisiana

Statewide Agreed-Upon Procedures Report

Fiscal Period July 1, 2021 through June 30, 2022

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Stephen J. Anderson, CPA\*  
Matthew E. Margaglio, CPA\*  
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Wanda F. Arcement, CPA  
Bryan K. Joubert, CPA  
Nicholas Fowlkes, CPA

C. Burton Kolder, CPA\*  
Of Counsel

Victor R. Slaven, CPA\* - retired 2020  
Christine C. Doucet, CPA - retired 2022

\* A Professional Accounting Corporation

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor,  
and City Council,  
City of Marksville, and the  
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The City of Marksville's management is responsible for those C/C areas identified in the SAUPs.

The City of Marksville has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

---

- I. Obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

- c) *Disbursements*, including processing, reviewing, and approving.
- d) *Receipts/Collections*, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) *Payroll/Personnel*, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that document is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) *Information Technology Disaster Recovery/Business Continuity*, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

**We performed the procedures and discussed the results with management.**

- l) *Sexual Harassment*, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

### ***Board or Finance Committee***

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2. Obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, we observed that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - c) For governmental entities, we obtained the prior year audit report and observed the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, we observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

### ***Bank Reconciliations***

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3. Obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Asked management to identify the entity's main operating account. Selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for selected each account, and observed that:
  - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*Collections (excluding electronic funds transfers)*

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4. Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly selected 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observed the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtained supporting documentation for each of the 10 deposits and:
  - a) Observed that receipts are sequentially pre-numbered.
  - b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Traced the deposit slip total to the actual deposit per the bank statement.
  - d) Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection

location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

- e) Traced the actual deposit per the bank statement to the general ledger.

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

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- 8. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).
- 9. For each location selected under #8 above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and observed that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
- 10. For each location selected under #8 above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
  - a) Observed whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
  - b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

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

12. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
- a) Observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - b) Observed that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

**Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

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14. Obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly selected 5 reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observed the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observed each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

## ***Contracts***

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15. Obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observed whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observed that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
  - d) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agreed the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

## ***Payroll and Personnel***

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16. Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees or officials, obtain related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtained attendance records and leave documentation for the pay period, and:
- a) Observed all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observed whether supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observed any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

- d) Observed the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
18. Obtained a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly selected two employees or officials, obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agreed the hours to the employee or officials' cumulate leave records, agreed the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
  19. Obtained management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

### ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtained ethics documentation from management, and:
  - a. Observed whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observed whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

### ***Debt Service***

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21. Obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Selected all debt instruments on the listing, obtained supporting documentation, and observed State Bond Commission approval was obtained for each debt instrument issued.
22. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

### ***Fraud Notice***

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23. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the

misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

24. Observed the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

### ***Information Technology Disaster Recovery/ Business Continuity***

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25. Performed the following procedures, **verbally discussed the results with management, and report “We performed the procedures and discussed the results with management.”**

- a) Obtained and inspected the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observed that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observed evidence that backups are encrypted before being transported.
- b) Obtained and inspected the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquired of personnel responsible for testing/ verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.
- c) Obtained a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly selected 5 computers and observed while management demonstrated that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

**We performed the procedures and discussed the results with management.**

### ***Sexual Harassment***

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26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtained sexual harassment training documentation from management, and observed the documentation demonstrated each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observed the entity has posted its sexual harassment policy and compliant procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).
28. Obtained the entity’s annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements.

- b) Number of sexual harassment complaints received by the agency.
- c) Number of complaints which resulted in a finding that sexual harassment resulted in discipline or corrective action; and
- d) Amount of time it took to resolve each complaint.

**Findings:**

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No exceptions were found as a result of applying procedures listed above except:

**Written Policies:**

The City of Marksville did not have written policies and procedures addressing the following.

- Purchasing - How vendors are added to the vendor list, controls to ensure compliance with public bid law, and documentation required to be maintained for all bids and price quotes.
- Payroll/Personnel – Payroll processing, reviewing and approving time and attendance records, including leave and overtime worked, and approval process for employee rate of pay or approval and maintenance of pay rate schedules.
- Ethics - Documentation maintained to demonstrate all employees and officials were notified of any changes to the ethics policy.
- Debt Service - Continuing disclosure/EMMA reporting requirements.
- Sexual Harassment – LA R.S. 42:344 requirements for agency responsibilities and prohibitions, annual employee sexual harassment training, and annual sexual harassment reporting.

**Board/Finance Committee:**

Two out of twelve monthly council meeting minutes made no reference to the review of a budget to actual comparison for the General Fund.

**Bank Reconciliations:**

Three out of five bank reconciliations showed no evidence that management had researched reconciling items outstanding for more than twelve months.

**Collections:**

Employees are responsible for collecting cash and preparing/making bank deposits at two of two deposit locations tested.

Employees are responsible for collecting cash and posting collection entries to the general ledger at one of two deposit locations tested.

**Non-Payroll Disbursements:**

The City of Marksville does not prohibit the person responsible for processing payments from adding/modifying vendor files nor require an employee not involved in processing payments to periodically review changes to vendor files.

**Credit/Debit/Fuel Cards:**

Monthly statements were not approved by someone other than the authorized cardholder.

Two out of sixteen transactions tested were not supported by an itemized receipt.

Fifteen out of sixteen transactions tested contained no written documentation of the business/public purpose.

**Travel/Expense Reimbursement:**

Two out of five reimbursements tested did not contain written documentation of the business/public purpose.

One out of five reimbursements tested did not contain the names of individuals participating in meals.

Three out of five reimbursements tested did not contain documentation required by City policy and were not approved for payment in writing.

**Contracts:**

One out of five contracts tested were not paid in accordance with the contract terms.

**Payroll and Personnel:**

Two out of five timesheets tested did not contain supervisor's signature.

No documentation of authorized salary/pay rate was found within individual personnel files.

**Ethics:**

Two out of five employees tested did not complete annual ethics training during the fiscal period.

**Fraud Notice:**

The City of Marksville’s website did not contain the required fraud notice.

**Sexual Harassment:**

Two of five employees tested did not complete sexual harassment training during the calendar year.

The City of Marksville did not have its sexual harassment policy and compliant procedure posted to its website.

The City of Marksville did not complete an annual sexual harassment report by or prior to February 1, 2022.

**Management’s Response:**

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Management of the City of Marksville concurs with the exceptions and are working to address the deficiencies as identified.

We were engaged by the City of Marksville to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City of Marksville and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
December 15, 2022