

**CITY OF MARKSVILLE, LOUISIANA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2019**

*DUCOTE & COMPANY*  
*Certified Public Accountants*  
*219 North Washington Street*  
*P. O. Box 309*  
*Marksville, Louisiana 71351*

**CITY OF MARKSVILLE, LOUISIANA  
TABLE OF CONTENTS**

	<b>Page</b>
<b>INDEPENDENT AUDITORS' REPORT</b>	1-3
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>GOVERNMENT –WIDE FINANCIAL STATEMENTS (GWFS)</b>	
Statement of net positions	6
Statement of activities	7
<b>FUND FINANCIAL STATEMENTS (FFS)</b>	
Balance sheet – governmental funds	9
Reconciliation of the governmental funds balance sheet to the statement of net position	10
Statement of revenues, expenditures and changes in fund balances – governmental funds	11
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	12
Combining statement of net position – proprietary funds	13
Combining statement of revenues, expenses and changes in fund net position- proprietary funds	14
Combining statement of cash flows – proprietary funds	15
<b>NOTES TO FINANCIAL STATMENTS</b>	16-56
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary comparison schedules:	
General Fund	58
1% Sales Tax Special Revenue Fund	59
½% Sales Tax Special Revenue Fund	60
½% Public Safety Sales Tax Fund	61
Schedule of Employer's Share of Net Pension Liability	62
Schedule of Employer Contributions	63
Notes to Required Supplementary Information	64

(continued)

**CITY OF MARKSVILLE, LOUISIANA  
TABLE OF CONTENTS (continued)**

	<b>Page</b>
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
<b>Supplemental Information Schedules:</b>	
<b>NONMAJOR GOVERNMENTAL FUNDS</b>	
Nonmajor Governmental Funds –	
Combining balance sheet	68
Combining statement of revenues, expenditures and changes in fund balances	69
Nonmajor debt service of funds –	
Combining balance sheet	70
Combining statement of revenues, expenditures and changes in fund balances	71
<b>Other Financial Information:</b>	
Schedule of number of utility customers	73
Schedule of insurance in force	74
Schedule of Mayor and Board of Alderman	75
Schedule of Compensation, Benefits, and Other Payments to Agency Head	76
<b>OTHER REPORTS</b>	
<i>Report Required by <u>Government Auditing Standards</u></i>	
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	78-79
Schedule of Audit Results, Findings and Questioned Costs	80
Summary Schedule of Current and Prior Year Audit Findings	81-84
<b>AGREED-UPON PROCEDURES REPORT:</b>	
Independent Accountants’ Report on Applying Agreed-Upon Procedures	86-95

## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor John Lemoine and  
The Board of Alderman  
City of Marksville, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Marksville, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To Mayor Lemoine and Council  
City of Marksville  
Page 2

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marksville, Louisiana, as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that budgetary comparison information on pages 58 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquires of management regarding 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 the audit of the basic financial statements. We do not express an opinion or any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or any other form of assurance.

The City of Marksville has not presented management's discussion and analysis that the accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a required part of the basis 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. Our opinion on the basic financial statements is not affected by this missing information.

To Mayor Lemoine and Council  
City of Marksville  
Page 3

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marksville, Louisiana's basic financial statements. The accompanying other supplementary information, as presented on pages 68-76 and listed in the table of contents as the combining non-major fund financial statements, the summary of utility service, the listing of insurance in force, the listing of mayor and alderman, and the schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information – combining non-major fund financial statements and the schedule of compensation, benefits and other payments to agency head, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 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 other supplementary information – combining non-major fund financial statements and the schedule of compensation, benefits and other payments to agency head – are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The summary of utility service, the listing of insurance in force, and the listing of mayor and alderman have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with Government Auditing Standards, we have also issued our report dated December 12, 2019 on our consideration of the City of Marksville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Marksville, Louisiana's internal control over financial reporting and compliance.

***Ducote & Company***

Certified Public Accountants  
Marksville, Louisiana

December 12, 2019

## **BASIC FINANCIAL STATEMENTS**

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

**CITY OF MARKSVILLE, LOUISIANA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash	\$544,003	\$349,935	\$893,939
Interest bearing deposits	355,431	169,450	524,881
Receivables:			
Franchise receivables	27,541	0	27,541
Utility and other receivables	1,251	156,311	157,562
Due from governmental units	367,780	11,089	378,869
Inventory	0	105,644	105,644
Total current assets	<u>1,296,007</u>	<u>792,429</u>	<u>2,088,436</u>
Non-Current Assets:			
Restricted assets:			
Cash	0	286,040	286,040
Interest bearing deposits	0	279,014	279,014
Capital assets, net of accumulated depreciation	<u>3,663,198</u>	<u>9,950,651</u>	<u>13,613,849</u>
Total non-current assets	<u>3,663,198</u>	<u>10,515,704</u>	<u>14,178,902</u>
<b>TOTAL ASSETS</b>	<u>\$4,959,205</u>	<u>\$11,308,133</u>	<u>\$16,267,338</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$26,339</u>	<u>\$0</u>	<u>\$26,339</u>
<b>LIABILITIES AND FUND EQUITY</b>			
Current Liabilities:			
Accounts payable	\$96,007	\$38,702	\$134,709
Accrued expenses	100,780	0	100,780
Contracts payable	0	11,089	11,089
Capital lease payable	42,471	0	42,471
Bonds payable	124,000	0	124,000
Payable from restricted assets:			
Bonds payable	0	59,000	59,000
Accrued interest payable	0	12,586	12,586
Total current liabilities	<u>363,258</u>	<u>121,378</u>	<u>484,636</u>
Non-current Liabilities:			
Due to other governments	0	209,657	209,657
Capital leases payable	176,416	0	176,416
Bonds payable	983,000	1,094,000	2,077,000
Compensated absences	8,546	10,233	18,779
Net pension liability	178,696	0	178,696
Payable from restricted assets:			
Customer deposits	0	417,029	417,029
Total non-current liabilities	<u>1,346,658</u>	<u>1,730,919</u>	<u>3,077,577</u>
Total Liabilities	<u>1,709,916</u>	<u>1,852,296</u>	<u>3,562,213</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>\$76,346</u>	<u>\$0</u>	<u>\$76,346</u>
<b>NET POSITION</b>			
Investment in capital assets, net of related debt	2,337,311	8,818,003	11,155,314
Restricted for:			
Debt service	88,946	76,439	165,385
Sales tax dedications	720,992	0	720,992
Unrestricted	<u>52,032</u>	<u>561,396</u>	<u>613,428</u>
<b>TOTAL NET POSITION</b>	<u>\$3,199,281</u>	<u>\$9,455,838</u>	<u>\$12,655,120</u>

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

**CITY OF MARKSVILLE, LOUISIANA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Net Revenue (Expenses) and Changes in Net Assets</b>					
	<b>Expenses</b>	<b>Fees, Fines, Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>ACTIVITIES</b>						
Governmental activities:						
General government	\$784,197	\$357,133	\$0	\$(427,064)	\$0	\$(427,064)
Public Safety:						
Police	1,395,029	2,313	0	(1,392,717)	0	(1,392,717)
Fire	768,072	0	105,643	(662,428)	0	(662,428)
Streets, drainage & beautification	1,579,701	0	8,800	(1,570,901)	0	(1,570,901)
Interest on long-term debt	37,239	0	0	(37,239)	0	(37,239)
<b>Total Governmental Activities</b>	<b>4,564,237</b>	<b>359,446</b>	<b>114,443</b>	<b>(4,090,348)</b>	<b>0</b>	<b>(4,090,348)</b>
Business-type activities:						
Water	1,370,947	1,147,259	165,274	0	(58,415)	(58,415)
Sewer	870,581	599,292	0	0	(271,290)	(271,290)
<b>Total Business Type Activities</b>	<b>2,241,529</b>	<b>1,746,551</b>	<b>165,274</b>	<b>0</b>	<b>(329,705)</b>	<b>(329,705)</b>
<b>Total City of Marksville</b>	<b>6,805,766</b>	<b>2,105,996</b>	<b>279,717</b>	<b>(4,090,348)</b>	<b>(329,705)</b>	<b>(4,420,052)</b>
<b>GENERAL REVENUES</b>						
Taxes:						
Property taxes, levied for general government				228,138	0	228,138
Sales and Use tax, levied for general government				3,232,582	0	3,232,582
Franchise taxes				163,613	0	163,613
Grants and contributions not restricted to specific programs:						
Intergovernmental revenues				38,154	0	38,154
Gaming taxes				10,979	0	10,979
Interest and investment earnings				2,173	3,547	5,720
Sale of fixed assets				1,683	0	1,683
Miscellaneous				191,890	0	191,890
Transfers, net				(208,889)	208,889	0
<b>Total general items and transfers</b>				<b>3,660,323</b>	<b>212,437</b>	<b>3,872,760</b>
<b>Change in net position</b>				<b>(430,025)</b>	<b>(117,268)</b>	<b>(547,292)</b>
<b>Net position, beginning of year</b>				<b>3,629,306</b>	<b>9,573,106</b>	<b>13,202,413</b>
<b>Net position, end of year</b>				<b>\$3,199,281</b>	<b>\$9,455,838</b>	<b>\$12,655,120</b>

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

**FUND FINANCIAL STATEMENTS (FFS)**

**CITY OF MARKSVILLE, LOUISIANA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

	General Fund	1% Sales Tax Special Revenue	1/2% Sales Tax Special Revenue	1/2% Public Safety Sales Tax Special Revenue	Non-Major Govern- mental Funds	Total
<b>ASSETS</b>						
Cash	\$272,269	\$50,020	\$99,383	\$107,073	\$15,258	\$544,003
Interest bearing deposits	7,667	152,138	37,000	0	158,626	355,431
Receivables						
Franchise receivables	27,541	0	0	0	0	27,541
Other receivables	1,251	0	0	0	0	1,251
Due from government agencies	88,464	139,658	69,829	69,829	0	367,780
<b>TOTAL ASSETS</b>	<b>\$397,192</b>	<b>\$341,816</b>	<b>\$206,212</b>	<b>\$176,902</b>	<b>\$173,884</b>	<b>\$1,296,007</b>
<b>LIABILITIES</b>						
Accounts payable	\$92,068	\$1,969	\$985	\$985	\$0	\$96,007
Accrued expenses	50,241	0	0	0	0	50,241
Due to other funds	0	0	0	0	0	0
<b>TOTAL LIABILITIES</b>	<b>142,309</b>	<b>1,969</b>	<b>985</b>	<b>985</b>	<b>0</b>	<b>146,248</b>
<b>FUND BALANCES</b>						
Restricted	0	339,847	205,227	175,918	93,626	814,618
Committed	0	0	0	0	80,258	80,258
Unassigned	254,882	0	0	0	0	254,882
Total fund balances	254,882	339,847	205,227	175,918	173,884	1,149,758
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$397,192</b>	<b>\$341,816</b>	<b>\$206,212</b>	<b>\$176,902</b>	<b>\$173,884</b>	<b>\$1,296,007</b>

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

**CITY OF MARKSVILLE  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2019**

**Amounts reported for governmental activities in the Statement of Net Position  
are different because:**

Total fund balances for governmental funds at June 30, 2019		\$1,149,758
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	\$7,856,937	
Less: accumulated depreciation	<u>(4,193,739)</u>	3,663,198
Liabilities not due and payable in the current period and therefore are not reported in the fund financial statements at June 30, 2019:		
Deferred outflows of resources	26,339	
Bonds payable	(1,107,000)	
Capital leases payable	(218,887)	
Accrued interest payable	(9,709)	
Net pension liability	(178,696)	
Deferred inflows of resources	(76,346)	
Compensated absences payable	<u>(49,376)</u>	<u>(1,613,675)</u>
<b>Total net position of governmental activities at June 30, 2019</b>		<b><u><u>\$3,199,281</u></u></b>

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, 2019**

	General Fund	1% Sales Tax Fund	1/2% Sales Tax Fund	1/2% Public Safety Sales Tax Fund	Non-Major Govern- mental Funds	Totals Governmental Funds
<b>REVENUES</b>						
Taxes	\$239,896	\$1,610,412	\$805,206	\$805,206	\$0	\$3,460,719
Franchise fees	163,613	0	0	0	0	163,613
Licenses and permits	357,133	0	0	0	0	357,133
Intergovernmental	163,577	0	0	0	0	163,577
Fines and forfeits	2,313	0	0	0	0	2,313
Miscellaneous	132,365	891	574	10,190	27,769	171,790
<b>TOTAL REVENUES</b>	<b>1,058,897</b>	<b>1,611,303</b>	<b>805,780</b>	<b>815,396</b>	<b>27,769</b>	<b>4,319,145</b>
<b>EXPENDITURES</b>						
Current -						
General government	511,431	136,193	10,808	68,274	0	726,707
Public Safety:						
Police	1,263,022	0	0	9,000	0	1,272,022
Fire	662,117	0	0	26,396	0	688,513
Beautification	231,279	0	0	0	0	231,279
Streets and sidewalks	861,823	0	67,423	0	0	929,246
Capital outlay	7,990	0	0	0	0	7,990
Debt service	88,868	0	0	0	110,662	199,530
<b>TOTAL EXPENDITURES</b>	<b>3,626,530</b>	<b>136,193</b>	<b>78,231</b>	<b>103,670</b>	<b>110,662</b>	<b>4,055,287</b>
Excess (deficiency) of revenues over expenditures	(2,567,633)	1,475,110	727,549	711,726	(82,893)	263,859
<b>OTHER FINANCING SOURCES (USES)</b>						
Gain on sale of assets	1,683	0	0	0	0	1,683
Operating transfers in	2,572,290	0	0	0	118,747	2,691,037
Operating transfers out	0	(1,424,393)	(777,774)	(697,760)	0	(2,899,927)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,573,973</b>	<b>(1,424,393)</b>	<b>(777,774)</b>	<b>(697,760)</b>	<b>118,747</b>	<b>(207,206)</b>
Excess (deficiency) of revenues over expenditures and other sources (uses)	6,341	50,717	(50,225)	13,966	35,854	56,653
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>248,542</b>	<b>289,130</b>	<b>255,452</b>	<b>161,952</b>	<b>138,030</b>	<b>1,093,106</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$254,882</b>	<b>\$339,847</b>	<b>\$205,227</b>	<b>\$175,918</b>	<b>\$173,884</b>	<b>\$1,149,758</b>

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

**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, 2019**

<b>Total net changes in fund balances for year ended June 30, 2019 per Statement of Revenues, Expenditures and Changes in Fund Balances</b>		<b>\$56,653</b>
<p>The change in net assets reported for governmental activities is in the Statement of Activities is different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balances	7,990	
Expensing of completed construction in progress street repair project	(314,327)	
Depreciation expense for the year ended June 30, 2019	<u>(288,583)</u>	(594,920)
<p>Governmental funds report proceeds from debt issuance as revenues and bonded bonded debt repayments as expenditures. However, these proceeds and expenditures do not appear in the statement of activities.</p>		
Bonded debt repayments	<u>120,000</u>	120,000
<p>Governmental funds report capital lease payments as expenditures. However, this expenditure does not appear in the statement of activities.</p>		
Principal paid on capital lease in governmental funds	<u>40,941</u>	40,941
Change in net pension expense resulting from pension obligation requiring the use of current economic resources.		(52,659)
Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis.		1,350
Excess of compensated absences earned over compensated absences taken.		<u>(1,390)</u>
<b>Change in net position of governmental activities</b>		<b><u><u>\$(430,025)</u></u></b>

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

**CITY OF MARKSVILLE, LOUISIANA**  
**COMBINING STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS - ENTERPRISE FUNDS**  
**JUNE 30, 2019**

	<u>Sewer Utility System</u>	<u>Water Utility System</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$215,200	\$134,736	\$349,935
Investments	33,396	136,053	169,450
Receivables:			
Due from other governmental agencies	0	11,089	11,089
Utility and other receivables	51,028	105,283	156,311
Inventory	34,162	71,482	105,644
Total current assets	<u>333,786</u>	<u>458,642</u>	<u>792,429</u>
Non-Current Assets:			
Restricted assets:			
Cash and cash equivalents	111,126	174,914	286,040
Investments	89,014	190,000	279,014
Capital assets, net of accumulated depreciation	6,935,578	3,015,073	9,950,651
Total non-current assets	<u>7,135,718</u>	<u>3,379,986</u>	<u>10,515,704</u>
<b>TOTAL ASSETS</b>	<u>\$7,469,505</u>	<u>\$3,838,629</u>	<u>\$11,308,133</u>
<b>LIABILITIES AND FUND EQUITY</b>			
Current Liabilities:			
Accounts payable	\$23,767	\$14,935	\$38,702
Contracts payable	0	11,089	11,089
Payable from restricted assets:			
Bonds payable	36,000	23,000	59,000
Accrued interest payable	9,247	3,339	12,586
Total current liabilities	<u>69,015</u>	<u>52,363</u>	<u>121,378</u>
Non-current Liabilities:			
Due to other governments	209,657	0	209,657
Bonds payable	661,000	433,000	1,094,000
Compensated absences	4,694	5,540	10,233
Payable from restricted assets:			
Customer deposits	119,663	297,366	417,029
Total non-current liabilities	<u>995,013</u>	<u>735,906</u>	<u>1,730,919</u>
Total Liabilities	<u>1,064,027</u>	<u>788,269</u>	<u>1,852,296</u>
<b>NET POSITION</b>			
Investment in capital assets, net of related debt	6,235,929	2,582,074	8,818,003
Restricted for debt service	35,230	41,209	76,439
Unrestricted	134,318	427,078	561,396
<b>TOTAL NET POSITION</b>	<u>\$6,405,479</u>	<u>\$3,050,358</u>	<u>\$9,455,838</u>

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

**CITY OF MARKSVILLE, LOUISIANA  
 COMBINING STATEMENT OF REVENUES,  
 EXPENSES, AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS - ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Sewer Utility System</u>	<u>Water Utility System</u>	<u>Total</u>
<b><u>OPERATING REVENUES</u></b>			
Charges for services	<u>\$599,292</u>	<u>\$1,147,259</u>	<u>\$1,746,551</u>
<b>TOTAL OPERATING REVENUES</b>	<u>599,292</u>	<u>1,147,259</u>	<u>1,746,551</u>
<b><u>OPERATING EXPENSES</u></b>			
Salaries	166,548	230,466	397,014
Payroll taxes	11,392	17,201	28,593
Depreciation	327,554	180,470	508,024
Water purchases	0	722,415	722,415
Repairs and supplies	195,831	90,502	286,333
Insurance	19,699	27,117	46,815
Office expense	739	20,465	21,203
Professional fees	3,850	20,062	23,912
Fuel	7,426	16,721	24,148
Lab tests & DEQ fees	40,904	10,327	51,231
Utilities and telephone	67,189	15,206	82,394
Miscellaneous	<u>6,769</u>	<u>9,997</u>	<u>16,766</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>847,900</u>	<u>1,360,948</u>	<u>2,208,849</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(248,609)</u>	<u>(213,689)</u>	<u>(462,298)</u>
<b><u>NONOPERATING REVENUES (EXPENSES):</u></b>			
Grants	0	165,274	165,274
Interest income	887	2,660	3,547
Interest expense	<u>(22,681)</u>	<u>(9,999)</u>	<u>(32,680)</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(21,794)</u>	<u>157,935</u>	<u>136,141</u>
Income (loss) before operating transfers	<u>(270,403)</u>	<u>(55,754)</u>	<u>(326,157)</u>
<b><u>OPERATING TRANSFERS IN (OUT):</u></b>			
Operating transfers in	240,000	135,500	375,500
Operating transfers out	<u>(164,300)</u>	<u>(2,310)</u>	<u>(166,611)</u>
<b>TOTAL OPERATING TRANSFERS</b>	<u>75,700</u>	<u>133,190</u>	<u>208,889</u>
<b>NET INCOME (LOSS)</b>	<u>(194,703)</u>	<u>77,435</u>	<u>(117,268)</u>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>6,600,181</u>	<u>2,972,925</u>	<u>9,573,106</u>
<b>NET POSITION AT END OF YEAR</b>	<u>\$6,405,479</u>	<u>\$3,050,360</u>	<u>\$9,455,838</u>

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

**CITY OF MARKSVILLE, LOUISIANA  
COMBINING STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS - ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Sewer Utility System	Water Utility System	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$601,506	\$1,146,847	\$1,748,353
Payments to suppliers	(358,379)	(999,084)	(1,357,463)
Payments to employees for salaries and benefits	(189,521)	(229,733)	(419,254)
<b>Net cash provided by operating activities</b>	<u>53,606</u>	<u>(81,970)</u>	<u>(28,364)</u>
<b>Cash flows from noncapital financing activities:</b>			
Cash received from other funds	240,000	135,500	375,500
Cash paid to other funds	(164,300)	(2,310)	(166,610)
<b>Net cash provided by/ (used) for noncapital financing activities</b>	<u>75,700</u>	<u>133,190</u>	<u>208,890</u>
<b>Cash flows from capital and related financing activities:</b>			
Principal paid on capital debt	(16,000)	(22,000)	(38,000)
Proceeds from grant	0	293,406	293,406
Interest paid on capital debt	(21,496)	(10,131)	(31,627)
Purchase of capital assets	0	(294,232)	(294,232)
Increase (decrease) in net meter deposits	2,500	(513)	1,987
<b>Net cash provided by/(used) for capital and related financing activities</b>	<u>(34,996)</u>	<u>(33,470)</u>	<u>(68,466)</u>
<b>Cash flows from investing activities:</b>			
Interest received from interest bearing deposits	887	2,660	3,547
<b>Net cash provided by/(used) for investing activities</b>	<u>887</u>	<u>2,660</u>	<u>3,547</u>
Net increase (decrease) in cash and cash equivalents	95,197	20,410	115,607
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>353,539</u>	<u>615,293</u>	<u>968,833</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$448,736</u>	<u>\$635,703</u>	<u>\$1,084,439</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$(248,609)	\$(213,689)	\$(462,298)
Depreciation	327,554	180,470	508,024
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	2,214	412	2,626
(Increase) decrease in inventory	(23,399)	(14,857)	(38,256)
Increase (decrease) in accounts payable	(7,015)	(35,039)	(42,054)
Increase (decrease) in accrued liabilities	2,861	733	3,594
<b>Net cash provided by/(used) for operating activities</b>	<u>\$53,606</u>	<u>\$(81,970)</u>	<u>\$(28,364)</u>

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

# CITY OF MARKSVILLE, LOUISIANA

## Notes to Basic Financial Statements June 30, 2019

### INTRODUCTION

The City of Marksville, Louisiana (hereafter referred to as the City) was incorporated on June 1, 1937, by special act of the Louisiana Legislature in 1937 (Act 126) and operates under a special matter. The City functions under a Mayor-Council form of government and provides the following services to residents within the city limits: public safety (police and fire), streets, drainage, recreation, public improvements, planning and zoning, water and sewer services, and general administrative services.

#### 1. Summary of Significant Accounting Policies

The accompanying financial statements of the City of Marksville (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental unites. The accounting and reporting framework and the more significant accounting policies re discussed in subsequent subsections of this note.

##### A. Financial Reporting Entity

As the municipal governing authority, for reporting purposes, the City of Marksville is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

This report includes all funds that are controlled by or dependent on the City. Control by or dependence on the City was determined on the basis of the following criteria:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature of significance of the relationship.

# CITY OF MARKSVILLE, LOUISIANA

## Notes to Basic Financial Statements (continued)

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

#### A. Financial Reporting Entity (continued)

Based upon the application of the above criteria, the following is a brief review of each potential component unit addressed in defining the City's reporting entity.

The following component unit has been presented as a blended component unit:

**Marksville Volunteer Fire Department** – The Marksville Volunteer Fire Department is governed by a group of volunteer citizens. The Marksville Volunteer Fire Department is not fiscally dependent on the City of Marksville; however, the City of Marksville includes revenues received and expenditures paid for the Fire Department as part of its general fund. The City of Marksville also provides for the Fire Department facilities and equipment and the Marksville Volunteer Fire Department provides public safety service almost exclusively to benefit the City of Marksville; therefore, these general-purpose financial statements include expenditures incurred directly by the Marksville Volunteer Fire Department from public funds in the General Fund. These general-purpose financial statements include operating expenditures paid with self-generated funds of the Marksville Volunteer Fire Department.

The following organizations are related organizations which have not been included in the reporting entity:

**Marksville City Court** -The Marksville City Court is staffed by independently elected officials. Although the city does provide facilities and some of its financing, no control is exercised over its operations.

**Marksville Housing Authority** - The Marksville Housing Authority was chartered by the City of Marksville, and its board of directors is appointed by the Mayor. However, the City's oversight responsibilities in the management, operations and financial accountability of the authority are remote.

#### B. Basis of Presentation

##### **Government – Wide Financial Statements (GWFS)**

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

# CITY OF MARKSVILLE, LOUISIANA

## Notes to Basic Financial Statements (continued)

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

#### B. Basis of Presentation (continued)

##### *Fund Financial Statements*

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the City are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the City are described below:

#### **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.

1% Sales Tax Fund - To account for the receipt and use of proceeds of the City's 1% sales and use tax that is legally restricted to expenditures for specific purposes.

½% Sales Tax Fund - To account for the receipt and use of proceeds of the City's ½% sales and use tax that is legally restricted to expenditures for specific purposes.

½% Public Safety Sales Tax Fund - To account for the receipt and use of proceeds of the City's ½% sales and use tax that is legally restricted to expenditures for specific purposes.

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**1. Summary of Significant Accounting Policies (continued)**

**B. Basis of Presentation (continued)**

**Proprietary Funds**

**Enterprise Funds** – Enterprise funds are used to 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 of Marksville’s enterprise funds are the Sewer and Water Utility Funds which are both major funds.

Additionally, the City reports the following fund types:

**Special Revenue Funds** - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for a specific purpose.

**Debt Service Funds** - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**Capital Projects Fund** - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major facilities (other than those financed by proprietary fund, special assessment funds, and trust funds).

**C. Measurement/Focus Basis of Accounting**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

***Measurement Focus***

The government-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**1. Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus/Basis of Accounting (continued)**

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

*Basis of Accounting*

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

The proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

**Deferred Outflows of Resources and Deferred Inflows of Resources**

In some instances, the Governmental Accounting Standards Board requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**1. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities and Equity**

*Cash and interest-bearing deposits*

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the City. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit with an original maturity of three months or less.

*Internal balances - 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 (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

*Receivables*

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes, and franchise fees. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible amounts due for customer's utility receivables are recognized as bad debts when they are no longer deemed collectable at the time information becomes available which would indicated the uncollectibility of the particular receivable. Unbilled water and sewer revenues between the date of the last meter reading billed before the end of June and the reading at or near the end of June billed in July are accrued based on the July billing amounts.

*Inventories*

Purchases of various operating supplies are regarded as expenditures at the time purchased and are valued at cost. Inventories are adjusted at year-end. The first in first out method of inventory valuation is used.

*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 or fund financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold of \$1,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**1. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities and Equity (continued)**

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:

Buildings	40 years
Equipment	5 years
Utility system 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.

*Restricted Assets*

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits.

*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 and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of revenue bonds payable and utility meter deposits 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 principle and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund financial statements as it is in the government-wide statements.

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**1. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities and Equity (continued)**

*Compensated absences*

The City of Marksville has the following policy regarding annual leave and sick leave:

After 1 year of full time employment	10 days
After 5 years of full time employment	15 days

An employee can accumulate up to 240 hours of annual leave. Annual leave is paid upon termination or retirement. Sick leave may not be accumulated.

*Equity Classifications*

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

- a. Invested in capital assets, net of related debt – 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, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.” In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**1. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities and Equity (continued)**

Fund balances are classified as follows in the governmental fund financial statements. Proprietary fund equity is classified the same as in the government-wide financial statements.

**Non-spendable** – Fund balance that is not in spendable form or is legally or contractually required to be maintained intact. This category includes items that are not easily converted to cash such as inventories or prepaid items.

**Restricted** - Fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**Committed** – Fund balance that can only be used for specific purposes determined by the City’s highest level of decision making authority. Committed amounts cannot be sued for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed to previously commit the funds. Committed fund balance is the result of either a policy of the City or motions passed at a City Council meeting committing the funds.

**Assigned** – Fund balance that is constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the City Council.

**Unassigned** – Fund balance that is the residual classification for general fund.

As of June 30, 2019, fund balances are composed of the following:

	General Fund	1% Sales Tax Fund	1/2% Sales Tax Fund	1/2% Public Safety		Total
				Sales Tax Fund	Nonmajor Funds	
<b>Nonspendable</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Restricted for:</b>						
Sales tax dedications	0	339,847	205,227	175,918	0	720,992
Debt service	0	0	0	0	93,626	93,626
<b>Total restricted</b>	<b>0</b>	<b>339,847</b>	<b>205,227</b>	<b>175,918</b>	<b>93,626</b>	<b>814,618</b>
<b>Committed to:</b>						
Capital projects	0	0	0	0	80,258	80,258
<b>Assigned</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Unassigned</b>	<b>254,882</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>254,882</b>
<b>Total</b>	<b>\$254,882</b>	<b>\$339,847</b>	<b>\$205,227</b>	<b>\$175,918</b>	<b>\$173,884</b>	<b>\$1,149,758</b>

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**1. Summary of Significant Accounting Policies (continued)**

**E. Revenues, Expenditures and Expenses**

*Operating Revenues and Expenses*

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

*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:

- Government Funds – By Character
- Proprietary Funds – 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.

*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 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 Service</u>	<u>Legal Restrictions of Use</u>
Sales Tax	See Note 10
Ad Valorem Tax	See Note 10
Sewer utility revenue	See Note 11

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

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**1. Summary of Significant Accounting Policies (continued)**

**G. Budget and Budgetary Accounting**

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to June 15, the Clerk submits to the Mayor and Board of Alderman a proposed operating budget for the period commencing the following July 1.
2. A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. 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 a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Alderman.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Alderman. Such amendments were not material in relation to the original appropriations.

**H. Capitalization of Interest Expense**

It is the policy of the City of Marksville to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. No interest was capitalized for the year ended June 30, 2019.

**I. Use of Estimates**

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

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**2. Cash and Interest-Bearing Deposits**

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 certificates and time deposits of the state banks organized under Louisiana law and national banks having principle offices in Louisiana.

At June 30, 2019, the City had cash and interest-bearing deposits (book balances) totaling \$1,983,874, as follows:

Demand deposits - non interest bearing	\$1,179,979
Money market accounts, certificates of deposit, and interest bearing accounts	803,895
	<u>\$1,983,874</u>

These deposits are stated at cost, which approximates market. 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. Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance 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. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2019, the City's deposit balance (bank balance) of \$2,193,982 was exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$500,000
Collateralized:	
Collateral held by pledging bank's trust department not in the City's name	1,693,982
Uninsured and uncollateralized	0
Total Deposits	<u>\$2,193,982</u>

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**3. Ad Valorem Taxes**

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in June or October and are actually billed to the taxpayers in October. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The Avoyelles Parish Sheriff's Department bills and collects the City's property taxes using the assessed values determined by the Tax Assessor of Avoyelles Parish. The Avoyelles Parish Sheriff's Department charges 5% of total collections to the City. For the year ended June 30, 2019, taxes of 7.15 mills were levied on property with assessed valuations totaling \$31,769,680 and were dedicated as follows:

General corporate purposes	7.15 mills
----------------------------	------------

Total taxes levied were \$227,156. Ad valorem taxes receivable at June 30, 2019 are immaterial. Total ad valorem tax remitted to the fire department was \$55,549.

**4. Receivables**

Receivables at June 30, 2019 of \$185,103, consist of the following:

	<b>General</b>	<b>Sewer Utility</b>	<b>Water Utility</b>	<b>Total</b>
Utilities (including unbilled)	\$0	\$51,028	\$105,283	\$156,311
Franchise Taxes				
Electric	24,707	0	0	24,707
Telephone	2,834	0	0	2,834
Other	1,251	0	0	1,251
	\$28,792	\$51,028	\$105,283	\$185,103

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**5. Due from Other Governmental Units**

Due from other governmental agencies of \$378,869, at June 30, 2019 consisted of:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Non Major Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
Beer Tax	\$4,004	\$0	\$0	\$0	\$4,004
Sales Tax	0	279,317	0	0	279,317
DOTD	4,400	0	0	0	4,400
Rural Fire	270	0	0	0	270
Fire District No. 2	55,549	0	0	0	55,549
Video Poker	1,452	0	0	0	1,452
Housing Authority	22,789	0	0	0	22,789
State of LA	0	0	0	11,089	11,089
	<u>\$88,464</u>	<u>\$279,317</u>	<u>\$0</u>	<u>\$11,089</u>	<u>\$378,869</u>

**6. Restricted Assets – Proprietary Fund Types**

Restricted assets consisted of the following at June 30, 2019:

Revenue bond reserve	\$148,025
Customers' deposits	<u>417,029</u>
	<u>\$565,054</u>

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**7. Capital Assets**

Capital asset activity for the year ended June 30, 2019 was as follows:

	<b>Balance</b>			<b>Balance</b>
	<b>July 1, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2019</b>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 162,514	\$0	\$0	\$ 162,514
Construction in progress	314,328	0	(314,328)	0
Other capital assets:				
Buildings	2,471,910	0	0	2,471,910
Improvements other than buildings	336,220	0	0	336,220
Infrastructure	1,141,126	0	0	1,141,126
Equipment and vehicles	3,792,373	7,990	(55,195)	3,745,168
Totals	<u>8,218,471</u>	<u>7,990</u>	<u>(369,523)</u>	<u>7,856,938</u>
Less accumulated depreciation				
Buildings	577,854	51,825	0	629,679
Improvements other than buildings	220,420	9,666	0	230,086
Infrastructure	526,738	54,761	0	581,499
Equipment and vehicles	2,635,340	172,331	(55,195)	2,752,476
Totals	<u>3,960,352</u>	<u>288,583</u>	<u>(55,195)</u>	<u>4,193,740</u>
Governmental activities, capital assets, net	<u>\$4,258,119</u>	<u>(\$280,593)</u>	<u>(\$314,328)</u>	<u>\$3,663,198</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$38,196
Beautification	2,429
Police	62,898
Fire	81,059
Recreation	18,336
Streets	85,665
Total Depreciation Expense	<u>\$288,583</u>

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**8. Capital Assets**

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<b>Business-type activities</b>				
Capital assets not being depreciated:				
Land	\$ 147,582	\$0	\$0	\$ 147,582
Construction in progress	341,941	149,527	(491,468)	0
Other capital assets:				
Buildings & improvements	187,804	0	0	187,804
Sewer distribution system	13,835,662	0	0	13,835,662
Water distribution system	6,697,799	491,468	0	7,189,267
Equipment	711,103	0	(19,400)	691,703
Totals	<u>21,921,891</u>	<u>640,995</u>	<u>(510,868)</u>	<u>22,052,018</u>
Less accumulated depreciation				
Buildings & improvements	116,189	7,288	0	123,477
Sewer distribution system	6,793,985	159,676	0	6,953,661
Water distribution system	4,128,725	301,174	0	4,429,899
Equipment and vehicles	573,769	39,886	(19,325)	594,330
Totals	<u>11,612,668</u>	<u>508,024</u>	<u>(19,325)</u>	<u>12,101,367</u>
Governmental activities, capital assets, net	<u>\$10,309,223</u>	<u>\$132,971</u>	<u>(\$491,543)</u>	<u>\$9,950,651</u>

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

Sewer	\$327,554
Water	<u>180,470</u>
Total depreciation expense	<u><u>\$508,024</u></u>

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**9. Changes in Long-Term Debt**

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2019:

**General Long-Term Debt – Governmental Activities**

	Balance			Balance
	June 30, 2018	Additions	Deletions	June 30, 2019
General Obligation Bonds	\$1,227,000	\$0	(\$120,000)	\$1,107,000
	<u>\$1,227,000</u>	<u>\$0</u>	<u>(\$120,000)</u>	<u>\$1,107,000</u>

**General Long-Term Debt – Business-type Activities**

	Balance			Balance
	June 30, 2018	Additions	Deletions	June 30, 2019
Due to DOTD	\$232,952	\$0	\$0	\$232,952
Revenue bonds	1,191,000	0	(38,000)	1,153,000
	<u>\$1,423,952</u>	<u>\$0</u>	<u>(\$38,000)</u>	<u>\$1,385,952</u>

**Capital Lease – Governmental Activities**

	Balance			Balance
	June 30, 2018	Additions	Deletions	June 30, 2019
Capital lease-fire truck	\$155,505	\$0	(\$21,583)	\$133,922
Capital lease-fire truck	104,323	0	(19,358)	84,965
	<u>\$259,828</u>	<u>\$0</u>	<u>(\$40,941)</u>	<u>\$218,887</u>

**Compensated Absences**

Probability of future payment under the benefit plans cannot be estimated for the basis of determining annual requirements. The amount of accrued compensated absences (long-term portion) is as follows:

	Balance			Balance
	June 30, 2018	Additions	Deletions	June 30, 2019
Government activities	\$47,987	\$73,529	(\$72,140)	\$49,376
Business-type activities	6,600	18,118	(14,485)	10,233
Total	<u>\$54,587</u>	<u>\$91,647</u>	<u>(\$86,625)</u>	<u>\$59,609</u>

The short-term portion of the governmental activities compensated absences in the amount of \$40,830 is included in accrued expenses on the Statement of Net Position.

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**9. Changes in Long-Term Debt (continued)**

Long-term debt payable at June 30, 2019 is comprised of the following:

	<b>Balance at June 30, 2019</b>	<b>Due In One Year</b>
<b>General Obligation Bonds:</b>		
\$1,020,000 Sales Tax Bonds, Series 2017, dated October 3, 2017, due in annual installments of \$88,000 to \$119,000 through October 1, 2028; interest at 2.24% per annum. These bonds are funded by 1/2% sales tax revenues	\$932,000	\$91,000
\$150,000 Sales Tax Revenue Bonds, Series 2009, dated October 13, 2009, due in annual installments of \$13,000 to \$18,000, through September 1, 2019; interest at 1.75% to 4.4% per annum. Funded by 1/2% public safety sales tax	\$18,000	\$18,000
\$200,000 Limited Tax Bonds, Series 2015, dated November 3, 2015, due in annual installments of \$14,000 to \$20,000 through September 1, 2027; interest at 1.75% to 3.5% per annum. Paid by General Fund	\$157,000	\$15,000
Total General Obligation Bond Indebtedness	<b>\$1,107,000</b>	<b>\$124,000</b>
<b>Revenue Bonds:</b>		
\$713,000 Sewer Revenue Bonds, dated February 23, 2018, due in annual installments of \$16,000 to \$57,000, through August 2034; interest is at 3.25% per annum; paid semi-annually on March 1st and August 1st of each year, secured by and payable from the proceeds of the sewer utility system.	\$697,000	\$36,000
\$500,000 Limited Tax Bonds, Series 2016, dated September 1, 2016, due in annual installments of \$22,000 to \$55,000, through September 2028; interest at 1.225% to 2.45% per annum, paid semi-annually on March 1st and September 1st; secured by and payable from the proceeds of the City's ad-valorem taxes.	\$456,000	\$23,000
	<b>\$1,153,000</b>	<b>\$59,000</b>

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**10. Changes in Long-Term Debt (continued)**

The long term debt is due as follows:

Year Ending 30-Jun	<b>Government-type Activities</b>		
	<b>General Obligation Bonds</b>		
	Principal Payments	Interest Payments	Total
2020	\$124,000	\$25,440	\$149,440
2021	\$110,000	\$22,843	\$132,843
2022	\$112,000	\$20,260	\$132,260
2023	\$116,000	\$17,604	\$133,604
2024	\$118,000	\$14,191	\$132,191
2025-2028	\$527,000	\$25,977	\$552,977
	<u>\$1,107,000</u>	<u>\$126,315</u>	<u>\$1,233,315</u>

Year Ending 30-Jun	<b>Business-type Activities</b>		
	<b>Revenue Bonds</b>		
	Principal Payments	Interest Payments	Total
2020	\$59,000	\$31,794	\$90,794
2021	\$80,000	\$29,942	\$109,942
2022	\$83,000	\$27,781	\$110,781
2023	\$86,000	\$25,539	\$111,539
2024	\$88,000	\$23,235	\$111,235
2025-2029	\$487,000	\$78,524	\$565,524
2030-2034	\$270,000	\$22,458	\$292,458
	<u>\$1,153,000</u>	<u>\$239,273</u>	<u>\$1,392,273</u>

The City of Marksville received funding through the Louisiana Department of Transportation and Development for the relocation of the water and sewer lines due to the Louisiana Highway 1 expansion project. A part of the funding is a grant and the remainder is a 0% interest loan. The project was completed as of June 30, 2015 and the final amount of the loan is \$232,952. Repayment terms have been set at no interest and payable over 10 years, the first installment being due in the next fiscal year, in the amount of \$23,295. The short term portion due is included in accounts payable in the financial statements.

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**11. Dedication of Tax Revenues and Sinking Fund Requirements**

**A. 1% Sales and Use Tax**

In November 1978, the votes of the City of Marksville approved a one percent sales and use tax for a period of twenty-five years from the date of the first levy, January 1, 1979. On October 5, 2002, voters approved at 15-year extension of the sales tax, beginning January 1, 2004. Proceeds of the tax, after payment of necessary collection expenses, are dedicated to constructing, acquiring, extending, improving, operating and/or maintaining sewers and sewerage disposal facilities, and streets, or any one or more of said purposes, in that order. Proceeds of the tax may also be used for payment of bonds issued in connection with the construction, acquisition, extension and/or improvement of sewers and sewerage disposal facilities, waterworks facilities, and streets.

The current extension of the 1% Sales and Use Tax expired on January 1, 2019 and has not yet been renewed; however the City has continued to collect the 1% sales and use tax that has been assessed on applicable purchases since the expiration date.

Collection of the 1% sales and use tax during the fiscal year ended June 30, 2019 totaled \$1,610,412.

**B. ½% Sales and Use Tax**

On November 4, 1980, voters of the City of Marksville approved the levy and collection of an additional ½% sales and use tax. Proceeds of this tax, after payment of necessary collection expenses, are dedicated for the purpose of constructing, acquiring, extending, improving and maintaining streets for the City including incidental drainage. The tax was levied effective January 1, 1981. On October 19, 1995, the City voted in a special election to approve the rededication of the ½% sales and used tax to be used for the purpose of constructing, acquiring, extending, improving and maintaining streets for the City, including incidental drainage thereto.

The 2007 \$2,000,000 Sales Tax Bonds were refinanced in October 2017, in the amount of \$1,020,000 Bond Issue, with the same dedications. This resolution requires that the avails of the proceeds of the ½ % Sales Tax be dedicated to constructing, acquiring, extending and improving streets. The 2017 issue of \$1,020,000 Sales Tax Bonds requires that transfers should be made into the Sales Tax Bond Sinking Fund in an amount equal to 1/12 of the total amount of principal and interest falling due in the ensuing year. For the fiscal year ended June 30, 2019, the City made all required transfers to this fund. At June 30, 2019, the balance in the Sinking Fund was \$80,383.

Collection of the ½% sales and use tax during the fiscal year ended June 30, 2019 totaled \$805,206.

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**10. Dedication of Tax Revenues and Sinking Fund Requirements (continued)**

**C. ½% Public Safety Tax**

On July 20, 1996, voters of the City of Marksville approved the levy and collection of an additional ½% sales and use tax. Proceeds of this tax, after payment of necessary collection expenses, are dedicated to 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.

The tax was levied effective October 1, 1996. The 1/2% public safety sales tax was renewed in the October 24, 2015 election for an additional 20 years, beginning October 1, 2016.

Collections of the ½% Public Safety Sales Tax during the fiscal year ended June 30, 2019 totaled \$805,206.

**D. Ad Valorem Taxes**

On September 1, 2016, The City issued \$500,000 of Limited Tax Bonds, Series, 2016, for the purpose of constructing a water ground storage tank. The Bonds are payable from the proceeds of the 7.15 mills general alimony ad-valorem taxes. The ad valorem taxes collections during fiscal year ended June 30, 2019 totaled \$228,138. See Note 9 for additional information on the bond issue.

**11. Flow of Funds: Restriction on Use – Sewer System Revenues**

Under the terms of the indenture of the 2018 \$713,000 Sewer Revenue Refunding Bonds, all income and revenues of the Sewer System are pledged and dedicated to the retirement of said bonds and are to be deposited in a separate Revenue Fund bank account. The money in this account is to be disbursed as follows:

1. To pay all reasonable and necessary expenses of administering, operating, repairing, and insuring the system.
2. To establish a Sewer Revenue Bond and Interest Sinking Fund and to transfer thereto, no later than the 20<sup>th</sup> day of each month, the principal and interest accruing due each month to equal a sum of the amount due on the next principal and interest payment date. During the fiscal year ended June 30, 2019, the City of Marksville made all required transfers to this fund.
3. To establish a Sewer Depreciation and Contingency Fund to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the System, and to transfer thereto, no later than the 20<sup>th</sup> day of each month, the sum equal to 5% of the amount to be paid in the Sinking Fund, until a balance on deposit is equal to \$75,000. If the balance falls below \$75,000, monthly deposits are to re-commence until \$75,000 is on deposit. As of June 30, 2019, all required deposits have been made and the Sewer Depreciation and Contingency Fund totaled \$52,931.

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**11. Flow of Funds: Restriction on Use – Sewer System Revenues (continued)**

The balance of any excess funds on deposit in the Revenue Fund account, after payment of all items noted above, may be used for the purposes of calling and/or paying bonds or such other lawful corporate purposes as the governing authority of the City may determine, whether or not such purposes are related to the sewer system.

All or any part of the monies on reserve in any of the above funds may be invested in direct obligations of the United States of America maturing in five years or less, and all income earned on such investments shall be added to the respective fund from which the investment was made.

**12. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

All employees (excluding elected officials) of the City of Marksville are members of the social security system. The City Judge is eligible to participate in the Louisiana State Employees Retirement System; policemen are eligible to participate in the Municipal Police Employees Retirement System of Louisiana; and firemen are eligible to participate in the Firefighters' Retirement System of Louisiana. The systems are multiple-employer (cost sharing), public employee retirement systems (PERS), controlled and administered by separate boards of trustees.

**Louisiana State Employees Retirement System (LASERS)**

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana State Employees' Retirement System (LASERS) and additions to/deductions from LASERS' fiduciary net position have been determined on the same basis as they are reported by LASERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**General Information about the LASERS Pension Plan**  
**Plan Description**

The City Judge of the City of Marksville is provided with pension benefits 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, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at [www.lasersonline.org](http://www.lasersonline.org).

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**12. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**LASERS (continued)**

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 majority of LASERS rank and file members may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing five to ten years of creditable service depending on their plan. 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 capacity.

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 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

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**12. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**LASERS (continued)**

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, 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 but generally is ten years of service.

**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:** All 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. 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 or 100% of final average compensation if the injury was the results of an intentional act of violence.

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**12. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**  
**LASERS (continued)**

**Survivor's Benefits:** Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member 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.

**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.

Since the measurement date of the net pension liability was June 30, 2018, the net pension liability is based upon fiduciary net position for the plan as of that date. Detailed information about the pension plan's assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the City's net pension liability is available in the separately issued plan financial reports for that year available at [www.lasersonline.org](http://www.lasersonline.org).

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**12. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**  
**LASERS (continued)**

The rates in effect during the year ended June 30, 2018 for the various plans follow:

<u>Plan</u>	<u>Plan Status</u>	<u>Employee Contribution Rate</u>	<u>Employer Contribution Rate</u>
Regular Employees and Appellate Law Clerks			
Pre Act 75 (hired before 7/1/2006)	Closed	7.5%	37.9%
Post Act 75 (hired after 6/30/2006)	Open	8.0%	37.9%
Optional Retirement Plan (ORP)			
Pre Act 75 (hired before 7/1/2006)	Closed	7.5%	37.9%
Post Act 75 (hired after 6/30/2006)	Closed	8.0%	37.9%
Legislators	Closed	11.5%	41.7%
Special Legislative Employees	Closed	9.5%	43.7%
Judges hired before 1/1/2011	Closed	11.5%	40.1%
Judges hired after 12/31/2010	Open	13.0%	39.6%
Corrections Primary	Closed	9.0%	33.2%
Corrections Secondary	Closed	9.0%	37.6%
Wildlife Agents	Closed	9.5%	46.6%
Peace Officers	Closed	9.0%	36.7%
Alcohol Tobacco Control	Closed	9.0%	32.7%
Bridge Police	Closed	8.5%	36.5%
Hazardous Duty	Open	9.5%	38.3%

The agency's contractually required composite contribution rate for the year ended June 30, 2018 was 40.1% 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 Agency were \$5,242 for the year ended June 30, 2019.

At June 30, 2019, the Employer reported a liability of \$46,103 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018. The Agency's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Agency's proportion was .000068%, which is a reduction of .00002 from the prior year ended June 30, 2017.

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**12. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**  
**LASERS (continued)**

For the year ended June 30, 2019, the Agency recognized pension expense of \$3,764 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions.

At June 30, 2019, the Agency reported \$1,067 of deferred outflows of resources and \$517 of deferred inflows of resources related to the pension plan:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Change in assumptions	\$469	\$0
Differences between expected and actual experience	0	517
Net difference between projected and actual earnings on pension plan investments	598	0
Changes in proportion and differences between:		
District contributions and proportionate share of contributions	0	0
District contributions subsequent to the measurement date	0	0
	\$1,067	\$517
Total		

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended:**

2019	\$1,309
2020	\$536
2021	(\$1,127)
2022	(\$169)

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**12. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**  
**LASERS (continued)**

***Actuarial Assumptions***

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018, are as follows:

<b>Valuation Date</b>	June 30, 2018
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Actuarial Assumptions:</b>	
<b>Expected Remaining Service Lives</b>	3 years
<b>Investment Rate of Return</b>	7.65% per annum, net of investment expenses
<b>Inflation Rate</b>	2.75% per annum.
<b>Mortality</b>	<b>Non-disabled members</b> - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015.  <b>Disabled members</b> – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
<b>Termination, Disability, and Retirement</b>	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.
<b>Salary Increases</b>	Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:

<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>
Regular	3.8%	12.8%
Judges	2.8%	5.3%
Corrections	3.4%	14.3%
Hazardous Duty	3.4%	14.3%
Wildlife	3.4%	14.3%

<b>Cost of Living Adjustments</b>	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 3.25% and an adjustment for the effect of rebalancing/diversification.

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**12. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**  
**LASERS (continued)**

The target allocation and 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	-0.48%
Domestic equity	4.31%
International equity	5.26%
Domestic Fixed Income	1.49%
International Fixed Income	2.23%
Alternative Investments	7.67%
Risk Parity	4.96%
Total	5.40%

***Discount Rate***

The discount rate used to measure the total pension liability was 7.65%. 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 pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive 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 using the discount rate of 7.65%, 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 (6.65%) or one percentage-point higher (8.65%) than the current rate:

	<u>1.0% Decrease (6.65%)</u>	<u>Current Discount Rate (7.65%)</u>	<u>1.0% Increase (8.65%)</u>
Employer's proportionate share of the net pension liability	\$58,185	\$46,103	\$35,697

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**12. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**Municipal Police Employees Retirement System (LAMPERS)**

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Police Employees' Retirement System (LAMPERS) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the Municipal Police Employees' Retirement System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**General Information about the LAMPERS Pension Plan**

***Plan Description***

Full-time policemen for the City of Marksville are provided with pension benefits through a cost-sharing multiple-employer defined benefit plan administered by the Municipal Police Employees' Retirement System. LAMPERS is authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233, to provide retirement, disability and survivor benefits to municipal police officers in Louisiana. The System issues a publicly available financial report that can be obtained at [www.lampers.org](http://www.lampers.org).

***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:** Any member prior to January 1, 2013 can retire providing he/she meets one of the following criteria:

At any age	after 25 years of creditable service
At age 55	after 12 years of creditable service
At age 50	after 20 years of creditable service
At any age	after 20 years of creditable service with an actuarially reduced benefit

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**12. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**  
**LAMPERS (continued)**

Any member after January 1, 2013, under Hazardous Duty sub plan, can retire providing he/she meets one of the following criteria:

At any age	after 30 years of creditable service
At age 55	after 25 years of creditable service
At any age	after 20 years of creditable service, with an actuarially reduced benefit from age 55

Any member after January 1, 2013, under the Non Hazardous Duty sub plan, can retire providing he/she meets one of the following criteria:

At any age	after 30 years of creditable service
At age 60	after 10 years of creditable service
At age 55	after 25 years of creditable service
At any age	after 20 years of creditable service, with an actuarially reduced benefit from age 55

Benefits rates for membership prior to January 1, 2013, 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.

Benefit rates for membership after January 1, 2013 under the Hazardous and Non Hazardous Duty sub plans 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.

**Deferred Retirement Benefits:** A member is eligible to elect to enter DROP when he/she is eligible for regular retirement benefits 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 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 the date of application. The duration of the 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 benefits based on the actual service.

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**12. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**LAMPERS (continued)**

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 percent below the percentage rate of return of the Systems' investment portfolio as certified by the actuary on an annual basis, but will 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 an account. If the member elects a money market investment return, the funds are transferred to a government money market.

**Disability Benefits:** The Board of Trustees may award benefits to those eligible members who have been certified as disabled by the State Medical Disability Board. The application must be filed with the Board of Trustees through the office of the Director prior to the date of termination of employment. Please see specific procedures for disability retirement as described and provided for in RS 11:208, RS 11:216 through RS 11:224 and RS 11:2223.

**Survivor's Benefits:** Upon the death of an active contributing member (membership prior to January 1, 2013), 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 the age of eighteen receives benefits equal to ten percent of the member's average final compensation or \$200/month, whichever is greater. Upon the death of an active member (membership after January 1, 2013), or disability retiree, the plan provides for surviving spouse 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 the age of eighteen receives benefits equal to ten percent of the member's average final compensation or \$200/month, whichever is greater. If the deceased member had less than ten years of service, the 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 (COLA) 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, disabled retirees, survivors, and beneficiaries who are 65 year 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 COLA until they reach retirement age.

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**12. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**  
**LAMPERS (continued)**

**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 for both a one-time single sum payment of up to 36 months of regular monthly retirement benefits, plus a reduce monthly retirement benefit for life. Interest is computed on the balance based on the 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, 2018, total contributions for employers and employees were 40.75%. 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 30.75% and 10%, respectively. The employer and employee contribution rates for all non-hazardous duty members hired after January 1, 2013 were 30.75 and 8.0%, respectively. The employer and employee contribution rates for all members who earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 33.25% and 7.5%, respectively. The actuarially required employer and employee combined contribution for June 30, 2018 was 39.5%.

The System also received 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, but are not considered special funding situations.

The City's contractually required composite contribution rate for the year ended June 30, 2019 was 32.25% 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. Employer contributions to the pension plan from the City were \$13,728 for the year ended June 30, 2019.

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**12. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**  
**LAMPERS (continued)**

At June 30, 2018 (measurement date), the City reported a liability of \$132,593 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Agency's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Agency's proportion was .015684%, which was a decrease of .013632% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Agency recognized pension expense of \$13,728 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions.

At June 30, 2019, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Change in assumptions	\$8,665	\$0
Differences between expected and actual experience	598	6,776
Net difference between projected and actual earnings on pension plan investments	6,356	0
Changes in proportion and differences between:		
District contributions and proportionate share of contributions	0	69,417
District contributions subsequent to the measurement date	0	0
Total	\$15,619	\$76,193

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**12. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**  
**LAMPERS (continued)**

\$76,193 reported as deferred inflows of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended:**

2019	(\$22,909)
2020	(\$24,937)
2021	(\$12,957)
2022	\$229

***Actuarial Assumptions***

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018, are as follows:

<b>Valuation Date</b>	June 30, 2018	
<b>Actuarial Cost Method</b>	Entry Age Normal	
<b>Investment Rate of Return</b>	7.20%, net of investment expense	
<b>Expected Remaining Service Lives</b>	4 Years	
<b>Inflation Rate</b>	2.60%	
<b>Salary Increases, including inflation and merit</b>	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1	9.75%
	2-23	4.75%
	Over 23	4.25%
<b>Mortality</b>	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.	
	RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.	
	RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.	
<b>Cost of Living Adjustments</b>	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 increases not yet authorized by the Board of Trustees.	

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**12. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**  
**LAMPERS (continued)**

The discount rate used to measure the total pension liability was 7.20%. 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 the Public Retirement Systems' Actuarial Committee, taking into consideration the recommendation of the actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all project 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.

The forecasted 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 and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 8.03% for the year ended June 30, 2018.

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2018 are summarized in the following table:

	<b>June 30, 2018</b>	
<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Equity	52%	3.58%
Fixed Income	22%	0.46%
Alternatives	20%	1.07%
Other	6%	0.17%
Total	100%	5.28%
Inflation		2.75%
Expected Nomial Return		8.03%

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**12. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**  
LAMPERS (continued)

*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 using the discount rate of 7.20%, 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 (6.20%) or one percentage-point higher (8.20%) than the current rate:

	<b>1.0% Decrease (6.20%)</b>	<b>Current Discount Rate (7.20%)</b>	<b>1.0% Increase (8.20%)</b>
Employer's proportionate share of the net pension liability	\$186,331	\$132,593	\$87,510

Since the measurement date of the net pension liability was June 30, 2018, the net pension liability is based upon fiduciary net position for the plan as of that date. Detailed information about the pension plan's assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the City's net pension liability is available in the separately issued plan financial reports for that year available at [www.lampers.org](http://www.lampers.org).

**Louisiana Firefighters Retirement System**

The full time firefighters of the City of Marksville are provided with pension benefits through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana Firefighters' Retirement System. The System issues an annual publicly available financial report that includes financial statements and supplementary information for the System. This report may be obtained by writing to the Firefighters' Retirement System of Louisiana, P O Box 94095, Capital Station, Baton Rouge, LA 70804 or at [www.lafirefightersret.com](http://www.lafirefightersret.com).

The City of Marksville does not have any full-time firefighters participating in the retirement system and as of June 30, 2019 had no pension liability for benefits in this system.

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**13. Franchise Agreements**

The City entered into franchise agreements with various public utility companies that provide services within the corporate limits of the City. A summary of each agreement is as follows:

A. Entergy

This agreement is effective October 14, 1980, for a period of twenty-five (25) years. Franchise fees are based on two percent (2%) of the gross receipts from the sale and delivery of electric energy for residential and commercial purposes billed on commercial and residential rates within the limits of the City of Marksville. On January 8, 2003 an ordinance was adopted to continue this franchise agreement in full force per the original agreement for an additional 25 years. Fees are payable quarterly within thirty (30) days of the end of the quarter.

B. Entex, a Division of Arkla, Inc.

This agreement is effective October 13, 1992 for a period of twenty-five (25) years. The franchise fee is based on four percent (4%) of the gross receipts from the sale of gas for residential and commercial rates within the limits of the City of Marksville. Fees for the calendar year are payable by the 10<sup>th</sup> day of each February for the preceding year. The agreement renewed with similar terms in 2017.

C. Interlink Communications Partners LLC dba Charter Communications /Media 3 Communications

This agreement is effective February 11, 2009 pursuant to the provisions of the Consumer Choice for Television Act of 2008, a franchise fee shall be paid to the City of Marksville at a 3% of gross revenues derived from operations within the City of Marksville.

D. BellSouth Telecommunications Inc.

This agreement is effective January 1, 2002 for a period of twenty (20) years. The franchise fee is based on five percent (5%) of the gross receipts from local exchange telephone service provided by BellSouth Telecommunications Inc within the limits of the City of Marksville. Fees for the calendar year are payable quarterly by the 30<sup>th</sup> day following the end of the quarter.

E. Central Louisiana Electric Company Inc (CLECO)

This agreement is effective December 18, 1996 for a period of twenty (20) years. The franchise fee is based on four percent (4%) of the gross receipts from sale and delivery of electric energy at retail for residential and commercial purposes based on residential and commercial net rates billed for services within the limits of the City of Marksville. Fees are payable quarterly by the 30<sup>th</sup> day following the end of the quarter. The agreement renewed with similar terms in 2016.

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**14. Other Agreements**

**A. Tunica Biloxi Indian Tribe**

On March 22, 1996, the City of Marksville entered into an intergovernmental agreement with the Tunica Biloxi Indian Tribe of Louisiana regarding construction of sewerage disposal system.

The Tribe pays a charge of \$12,000 per month for sewer services which provides that the Tribe will pump a maximum of 60,000 gallons per day in the City sewer system. Any amount exceeding 60,000 gallons is pumped into a separate holding facility and independently disposed of by the Tribe. Also, the Tribe will reimburse the City for overtime wages, engineering and legal fees, and certain percentages of repairs and breakdowns relative to accepting sewerage discharge from the casino project.

**B. Sales Tax Collection Agreement**

On June 15, 1993, the City of Marksville entered into an intergovernmental agreement with the City of Marksville for a one year period commencing on July 1, 1993 whereby the School Board will collect the sales and use taxes, including interest, penalties, fees and cost, levied by the City of Marksville under the City's ordinances for a monthly fee of 1 1/2% of the gross tax revenues collected by the School Board. The School Board will remit the sales tax collections to the City of Marksville on a monthly basis no later than the 10<sup>th</sup> day of each month after reasonable and necessary cost and expenses of collection in administration of the taxes have been deducted, including the collection fee. This agreement is renewed annually on July 1 and has been renewed as of July 1, 2019.

**15. Risk Management**

The City has elected not to carry general liability insurance coverage and is presently carrying only auto liability, property insurance and workmen's compensation insurance. The City is exposed to risks of loss in the areas of general and auto liability, property hazards, and workers compensation.

**16. Contingent Liabilities**

As of June 30, 2019, several suits had been filed against the City. The potential loss to the City of Marksville for any damages awarded under uninsured claims is deemed undeterminable by legal counsel.

The City continued to collect the 1% sales and use tax after the 15 year tax period expired on January 1, 2019. The potential liability to the City for these collections has not been determined by legal counsel.

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**17. Subsequent Events**

Subsequent events were evaluated through December 12, 2019, which is the date the financial statements were available to be issued. There were no subsequent events material to the financial statements to report.

**18. Segment Information for the Enterprise Fund**

The City of Marksville maintains two enterprise funds that provide water and sewer services. Segment information for the year ended June 30, 2019, as follows:

	<b>Sewer Fund</b>	<b>Water Fund</b>	<b>Total Enterprise Funds</b>
Operating Revenues	\$599,292	\$1,147,259	\$1,746,551
	599,292	1,147,259	1,746,551
Depreciation	327,554	180,470	508,024
Operating Expenses	520,346	1,180,478	1,700,824
Total Operating expenses	847,900	1,360,948	2,208,848
Operating income (loss)	(\$248,609)	(\$213,689)	(\$462,298)

**19. Compensation of Elected Officials**

A detail of compensation paid to elected officials for the year ended June 30, 2019 follows:

	<b>Compensation</b>	<b>Term Expires</b>
John Lemoine, Mayor	\$6,195	June 30, 2022
Council Members:		
Current Members:		
Edward Conway	6,195	June 30, 2022
Mary E. Sampson	6,130	June 30, 2022
Clyde Benson	6,195	June 30, 2022
Frank Havard	6,195	June 30, 2022
Michael Gremillion	6,195	June 30, 2022
	\$37,105	

**CITY OF MARKSVILLE, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

**20. Interfund Transactions**

A. Internal Balances (Due from/to Other Funds) - There were no internal balances at June 30, 2019.

B. Transfers - Transfers consisted of the following at June 30, 2019:

	<b>Transfers In</b>	<b>Transfers Out</b>
<b>Major Funds:</b>		
General Fund	\$2,572,290	\$0
<b>Special Revenue Funds:</b>		
1% Sales Tax Fund	0	1,424,393
1/2% Sales Tax Fund	0	777,774
1/2% Public Safety Sales Tax Fund	0	697,760
<b>Proprietary Fund:</b>		
Sewer Utility Fund	240,000	164,300
Water Utility Fund	135,500	2,310
<b>Nonmajor Funds:</b>		
<b>Debt Service Funds:</b>		
Street Improvement Bond	115,200	0
<b>Capital Projects Fund:</b>		
Capital Outlay Projects Fund	3,547	0
	<b>\$3,066,537</b>	<b>\$3,066,537</b>

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 general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**CITY OF MARKSVILLE, LOUISIANA  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget As Amended	Actual	Variance Positive (Negative)
<b><u>REVENUES</u></b>				
Taxes	\$236,000	\$228,652	\$239,896	\$11,245
Franchise Fees	195,000	165,954	163,613	(2,341)
Licenses and permits	365,000	355,000	357,133	2,133
Intergovernmental	162,153	161,280	163,577	2,297
Fines and forfeits	5,000	2,400	2,313	(88)
Miscellaneous	124,100	137,202	132,365	(4,837)
<b>TOTAL REVENUES</b>	<b>1,087,253</b>	<b>1,050,488</b>	<b>1,058,897</b>	<b>8,410</b>
<b><u>EXPENDITURES</u></b>				
Current -				
General government	481,200	499,564	511,431	(11,867)
Public Safety:				
Police	1,282,357	1,273,256	1,263,022	10,234
Fire	683,239	704,429	662,117	42,312
Beautification	190,700	230,770	231,279	(509)
Streets and sidewalks	842,215	857,590	861,823	(4,233)
Capital outlay	1,000	117,190	7,990	109,200
Debt service	38,469	38,469	88,868	(50,399)
<b>TOTAL EXPENDITURES</b>	<b>3,519,180</b>	<b>3,721,268</b>	<b>3,626,530</b>	<b>94,739</b>
Excess (deficiency) of revenues over expenditures	(2,431,927)	(2,670,781)	(2,567,633)	103,148
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Gain on sale of assets	5,000	1,683	1,683	1,683
Operating transfers in	2,440,000	2,575,300	2,572,290	(3,010)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,445,000</b>	<b>2,576,983</b>	<b>2,573,973</b>	<b>(3,010)</b>
Excess (deficiency) of revenues over expenditures and other sources (uses)	13,073	(93,798)	6,341	<u>\$100,139</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>248,542</b>	<b>248,542</b>	<b>248,542</b>	
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$261,615</b>	<b>\$154,744</b>	<b>\$254,882</b>	

**CITY OF MARKSVILLE, LOUISIANA**  
**1% SALES TAX FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget As Amended	Actual	Variance Positive (Negative)
<b><u>REVENUES</u></b>				
Taxes	\$1,595,011	\$1,587,896	\$1,610,412	\$22,516
Miscellaneous	550	940	891	(49)
<b>TOTAL REVENUES</b>	<b><u>1,595,561</u></b>	<b><u>1,588,836</u></b>	<b><u>1,611,303</u></b>	<b><u>22,467</u></b>
<b><u>EXPENDITURES</u></b>				
Current -				
General government	135,000	135,000	136,193	(1,193)
Public Safety:				
Capital outlay	90,000	0	0	0
Debt service	0	0	0	0
<b>TOTAL EXPENDITURES</b>	<b><u>225,000</u></b>	<b><u>135,000</u></b>	<b><u>136,193</u></b>	<b><u>(1,193)</u></b>
Excess (deficiency) of revenues over expenditures	<u>1,370,561</u>	<u>1,453,836</u>	<u>1,475,110</u>	<u>21,274</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Operating transfers out	<u>(1,350,385)</u>	<u>(1,486,449)</u>	<u>(1,424,393)</u>	<u>(62,056)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b><u>(1,350,385)</u></b>	<b><u>(1,486,449)</u></b>	<b><u>(1,424,393)</u></b>	<b><u>62,056</u></b>
Excess (deficiency) of revenues over expenditures and other sources (uses)	20,176	(32,613)	50,717	<u>\$83,330</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b><u>289,130</u></b>	<b><u>289,130</u></b>	<b><u>289,130</u></b>	
<b>FUND BALANCES AT END OF YEAR</b>	<b><u>\$309,306</u></b>	<b><u>\$256,517</u></b>	<b><u>\$339,847</u></b>	

**CITY OF MARKSVILLE, LOUISIANA**  
**1/2% SALES TAX FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget As Amended	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	\$797,505	\$793,948	\$805,206	\$11,258
Miscellaneous	5,485	600	574	(26)
<b>TOTAL REVENUES</b>	<u>802,990</u>	<u>794,548</u>	<u>805,780</u>	<u>11,232</u>
<b>EXPENDITURES</b>				
Current -				
General government	0	0	10,808	(10,808)
Public Safety:				
Streets and sidewalks	72,000	127,700	67,423	60,277
Capital outlay	20,000	0	0	0
Debt service	0	0	0	0
<b>TOTAL EXPENDITURES</b>	<u>92,000</u>	<u>127,700</u>	<u>78,231</u>	<u>49,469</u>
Excess (deficiency) of revenues over expenditures	<u>710,990</u>	<u>666,848</u>	<u>727,549</u>	<u>60,701</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers out	<u>(705,403)</u>	<u>(753,823)</u>	<u>(777,774)</u>	<u>23,951</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(705,403)</u>	<u>(753,823)</u>	<u>(777,774)</u>	<u>(23,951)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	5,587	(86,975)	(50,225)	<u>\$36,750</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>255,452</u>	<u>255,452</u>	<u>255,452</u>	
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$261,040</u>	<u>\$168,477</u>	<u>\$205,227</u>	

**CITY OF MARKSVILLE, LOUISIANA  
1/2% PUBLIC SAFETY SALES TAX FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget As Amended	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	\$797,505	\$793,948	\$805,206	\$11,258
Miscellaneous	0	10,190	10,190	0
<b>TOTAL REVENUES</b>	<u>797,505</u>	<u>804,138</u>	<u>815,396</u>	<u>11,258</u>
<b>EXPENDITURES</b>				
Current -				
General government	0	1,840	68,274	(66,434)
Public Safety:				
Police	42,500	55,626	9,000	46,626
Fire	10,000	12,716	26,396	(13,680)
Capital outlay	20,000	152,580	0	152,580
Debt service	0	0	0	0
<b>TOTAL EXPENDITURES</b>	<u>72,500</u>	<u>222,762</u>	<u>103,670</u>	<u>119,092</u>
Excess (deficiency) of revenues over expenditures	<u>725,005</u>	<u>581,376</u>	<u>711,726</u>	<u>130,350</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers out	<u>(700,002)</u>	<u>(688,760)</u>	<u>(697,760)</u>	<u>(9,000)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(700,002)</u>	<u>(688,760)</u>	<u>(697,760)</u>	<u>(9,000)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	25,003	(107,384)	13,966	<u>\$121,350</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>161,952</u>	<u>161,952</u>	<u>161,952</u>	
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$186,955</u>	<u>\$54,568</u>	<u>\$175,918</u>	

**CITY OF MARKSVILLE, LOUISIANA  
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2019**

<b>Fiscal Year*</b>	<b>Agency Proportion of the Net Pension Liability (Asset)</b>	<b>Agency's Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Agency's Covered Payroll</b>	<b>Agency's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage Of the Total Pension Liability</b>
<b>Louisiana State Employees' Retirement System (LASERS)</b>					
2019	0.068000%	\$46,103	\$12,362	373%	64.30%
2018	0.070000%	\$49,413	\$12,362	399%	62.50%
2017	0.070000%	\$54,811	\$12,362	443%	57.70%
2016	0.000000%	\$0	\$0	0%	0.00%
2015	0.069000%	\$242,957	\$12,362	347%	65.00%
<b>Municipal Police Employees' Retirement System (LAMPERS)</b>					
2019	0.019153%	\$132,593	\$42,566	311%	73.23%
2018	0.020517%	\$179,122	\$61,250	292%	70.01%
2017	0.031052%	\$291,045	\$81,461	360%	66.04%
2016	0.031702%	\$248,352	\$84,937	305%	70.73%
2015	0.032297%	\$202,053	\$84,800	238%	75.10%
<b>Louisiana Firefighters' Retirement System (FRS)</b>					
2019	0.000000%	\$0	\$0	0%	0.00%
2018	0.000000%	\$0	\$0	0%	0.00%
2017	0.000000%	\$0	\$0	0%	0.00%
2016	0.000000%	\$0	\$0	0%	0.00%
2015	0.000000%	\$0	\$0	0%	0.00%

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

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

**CITY OF MARKSVILLE, LOUISIANA  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2019**

<b>Fiscal Year</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractual Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Employee Payroll</b>	<b>Contributions as a % of Covered Employee Payroll</b>
<b>Louisiana State Employees' Retirement System (LASERS)</b>					
2019	\$5,241	\$5,241	\$0	\$12,362	42.40%
2018	\$4,936	\$4,936	\$0	\$12,362	40.10%
2017	\$4,698	\$4,698	\$0	\$12,362	38.00%
2016	\$1,421	\$1,421	\$0	\$4,710	38.10%
2015	\$0	\$0	\$0	\$0	0.00%
<b>Municipal Police Employees' Retirement System (LAMPERS)</b>					
2019	\$13,728	\$13,728	\$0	\$42,566	32.50%
2018	\$13,125	\$13,125	\$0	\$42,683	30.75%
2017	\$19,447	\$19,447	\$0	\$61,251	31.75%
2016	\$25,660	\$25,660	\$0	\$81,460	31.50%
2015	\$26,712	\$26,712	\$0	\$84,800	31.50%
<b>Louisiana Firefighters' Retirement System (FRS)</b>					
2019	\$0	\$0	\$0	\$0	0.00%
2018	\$0	\$0	\$0	\$0	0.00%
2017	\$0	\$0	\$0	\$0	0.00%
2016	\$0	\$0	\$0	\$0	0.00%
2015	\$0	\$0	\$0	\$0	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**

#### **1. Budget and Budgetary Accounting**

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to June 15, the Clerk submits to the Mayor and Board of Alderman a proposed operating budget for the period commencing the following July 1.
2. A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. 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 a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Alderman.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Alderman. Such amendments were not material in relation to the original appropriations.

#### **2. Pension Plans**

Changes in assumptions about future economic or demographic factors or other inputs were 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 pensions through the pension plans. These assumptions include the rate of investment return, mortality of plan members, rate of salary increases, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plans.

**OTHER SUPPLEMENTARY INFORMATION**

---

**NONMAJOR GOVERNMENTAL FUNDS**

## **NONMAJOR DEBT SERVICE FUNDS**

### **Public Safety Bonds**

Purpose was to accumulate monies for repayment of the \$880,000 Sales Tax Refunding Bonds, Series 2006, which are to be paid from ½% Sales Tax Fund revenues for which proceeds were dedicated to acquiring, constructing, maintenance, and operating of fire and police protection for the City. These bonds are paid out and presently the fund holds the remaining monies pending dedication of funds by the City.

### **Street Improvement Bonds**

To accumulate monies for repayment of the \$1,020,000 Sales Tax Bonds, Series 2017, which are to be paid from the ½% Sales Tax Fund revenues for which proceeds were dedicated to constructing, acquiring, extending and improving streets.

## **NONMAJOR CAPITAL PROJECTS FUND**

### **Capital Outlay Fund**

To account for monies appropriated from various funds of the City to be used to finance the acquisition of capital assets.

**CITY OF MARKSVILLE, LOUISIANA  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2019**

	Debt Service Funds	Capital Outlay Fund	Total Non-Major Governmental Funds
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$0	\$15,258	\$15,258
Interest bearing deposits	93,626	65,000	158,626
<b>TOTAL ASSETS</b>	<b>\$93,626</b>	<b>\$80,258</b>	<b>\$173,884</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>TOTAL LIABILITIES</b>	0	0	0
 <b><u>FUND BALANCES</u></b>			
Restricted	93,626	0	93,626
Committed	0	80,258	80,258
Total fund balances	93,626	80,258	173,884
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$93,626</b>	<b>\$80,258</b>	<b>\$173,884</b>

**CITY OF MARKSVILLE, LOUISIANA  
COMBING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Debt Service Funds	Capital Outlay Fund	Total Non-Major Governmental Funds
<b><u>REVENUES</u></b>			
Miscellaneous	143	27,626	27,769
<b>TOTAL REVENUES</b>	<b>143</b>	<b>27,626</b>	<b>27,769</b>
<b><u>EXPENDITURES</u></b>			
Debt service -			
Prinicipal retirement	88,000	0	88,000
Interest	21,862	0	21,862
Other	800	0	800
<b>TOTAL EXPENDITURES</b>	<b>110,662</b>	<b>0</b>	<b>110,662</b>
Excess (deficiency) of revenues over expenditures	(110,520)	27,626	(82,893)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Operating transfers in	115,200	3,547	118,747
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>115,200</b>	<b>3,547</b>	<b>118,747</b>
Excess (deficiency) of revenues over expenditures and other sources (uses)	4,680	31,174	35,854
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>88,946</b>	<b>49,084</b>	<b>138,030</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$93,626</b>	<b>\$80,258</b>	<b>\$173,884</b>

**CITY OF MARKSVILLE, LOUISIANA  
 COMBINING BALANCE SHEET  
 NON-MAJOR DEBT SERVICE FUNDS  
 JUNE 30, 2019**

	Public Safety Bonds	Street Improve- ment Bonds	Totals Non-Major Debt Service Funds
<b><u>ASSETS</u></b>			
Interest bearing deposits	\$13,134	\$80,492	\$93,626
<b>TOTAL ASSETS</b>	13,134	80,492	93,626
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Due to other funds	0	0	0
<b>TOTAL LIABILITIES</b>	0	0	0
 <b><u>FUND BALANCES</u></b>			
Restricted	13,134	80,492	93,626
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	\$13,134	\$80,492	\$93,626

**CITY OF MARKSVILLE, LOUISIANA  
COMBING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
NON-MAJOR DEBT SERVICES FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Public Safety Bonds	Street Improve- ment Bonds	Total Non-Major Debt Service Funds
<b>REVENUES</b>			
Miscellaneous	\$20	\$123	\$143
<b>TOTAL REVENUES</b>	<b>20</b>	<b>123</b>	<b>143</b>
<b>EXPENDITURES</b>			
Debt service -			
Principal retirement	0	88,000	88,000
Interest	0	21,862	21,862
Other	0	800	800
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>110,662</b>	<b>110,662</b>
Excess (deficiency) of revenues over expenditures	20	(110,539)	(110,520)
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	0	115,200	115,200
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>0</b>	<b>115,200</b>	<b>115,200</b>
Excess (deficiency) of revenues over expenditures and other sources (uses)	20	4,661	4,680
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>13,115</b>	<b>75,831</b>	<b>88,946</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$13,134</b>	<b>\$80,492</b>	<b>\$93,626</b>

**OTHER FINANCIAL INFORMATION**

**CITY OF MARKSVILLE, LOUISIANA  
SCHEDULE OF NUMBER OF UTILITY CUSTOMERS  
JUNE 30, 2019**

Records maintained by the City of Marksville indicated the following number of customers were being serviced during the months of June 2019 and June 2018:

<u>Department</u>	<u>2019</u>	<u>2018</u>
Water:		
Commercial	351	341
Residential	2,192	2,205
Total	<u>2,543</u>	<u>2,546</u>
Sewerage:		
Commercial	330	318
Residential	1,984	1,996
Total	<u>2,314</u>	<u>2,314</u>

See independent auditors' report.

**CITY OF MARKSVILLE  
SCHEDULE OF INSURANCE IN FORCE  
JUNE 30, 2019**

<u>Description of Coverage</u>	<u>Asset Covered</u>	<u>Insurance Company</u>	<u>Policy Number</u>	<u>Expiration Date</u>
Workers Compensation	Employees	LWCC	163785-S	10/21/2019
Fire	Fire Station	VFIS	VFIS-TR-2050513-12	1/1/2020
	Auto	VFIS	VFIS-CM-1050338-12	1/1/2020
Auto Liability	Fleet	LA Municipal Risk Asso	100-0346-14950	1/1/2020
Blanket Bond	Mayor	Western Surety	54703433	7/1/2020
	City Secretary/Clerk	Western Surety	54703437	7/1/2020
	Mayor Pro-Temp	Western Surety	54941152	7/1/2020
	Police Chief	Western Surety	54703439	7/1/2020
	Payroll Clerk	Western Surety	54703436	7/1/2020
	Waterworks Clerks	Western Surety	71064330	Upon Termination
	City of Marksville	Western Surety	12395480	Indefinite Years
Building	City Hall	1st Insurance Marksville	MP1177163	6/21/2020
	Police Station		MP1177163	6/21/2020
	Street Department		MP1177163	6/21/2020
	DA Jordan Complex		MP1177163	6/21/2020
	Hypolite Bordelon		CPS2849798	6/21/2020
	Sewer Department		MP1177163	6/21/2020
	Water Department		MP1177163	6/21/2020
Building	Mary Bethune Gym	Delta Insurance	PES005715	3/9/2020

See independent auditors' report.

**CITY OF MARKSVILLE  
SCHEDULE OF MAYOR AND BOARD OF ALDERMAN  
JUNE 30, 2019**

<u>Elected Official</u>	<u>Office</u>	<u>Term</u>	<u>Expiration</u>
John Lemoine 906 Tunica Drive East Marksville, LA 71351	Mayor	4 years	6/30/2022
Mary E. Sampson 641 N Preston Marksville, LA 71355	Alderman	4 years	6/30/2022
Edward Conway 436 Overton Avenue Marksville, LA 71351	Alderman	4 years	6/30/2022
Michael Gremillion 154 Bernes Street Marksville, LA 71351	Alderman	4 years	6/30/2022
Clyde Benson 732 Evelyn Drive Marksville, LA 71351	Alderman	4 years	6/30/2022
Frank Havard 585 Cedar Lane Marksville, LA 71351	Alderman	4 years	6/30/2022

See independent auditors' report.

**CITY OF MARKSVILLE**

**SCHEDULE OF COMPENSATION, BENEFITS,  
AND OTHER PAYMENTS TO AGENCY HEADS**

**JUNE 30, 2019  
(Without Audit)**

**Agency Head: John Lemoine, Mayor**

Purpose	Amount
Salary	\$6,195
Telephone	696
Registration & convention fees	<u>500</u>
Total	<u>\$7,391</u>

See independent auditors' report.

**OTHER REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

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

The Honorable Mayor John Lemoine  
The Board of Aldermen  
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 statement 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 as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Marksville, Louisiana's basic financial statements and have issued our report thereon dated December 12, 2019.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as Items 2019-001, 2019-002, and 2019-003, to be material weaknesses.

To Mayor Lemoine and Council  
City of Marksville, Louisiana  
Page 2

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Marksville’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters required to be reported under Government Auditing Standards, and which are described in the accompanying schedule of current year and prior year findings and management’s corrective action plan, as Items 2019-001 and 2019-003.

### **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 entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Ducote & Company***  
Certified Public Accountants  
Marksville, Louisiana

December 12, 2019

**CITY OF MARKSVILLE, LOUISIANA**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2019**

**Section I – Summary of Auditors’ Results**

**A. Financial Statement Audit**

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Deficiency in internal control Yes

Material weaknesses identified Yes

Noncompliance material to the basic financial statements noted? Yes

**B. Audit of Federal Awards**

Not Applicable

**Section II – Findings Relating to the Financial Statements which are required to be reported under Government Auditing Standards**

**A. Internal Control Findings**

None

**B. Compliance Findings**

None

**CITY OF MARKSVILLE, LOUISIANA**  
**Schedule of Current and Prior Year Audit Findings**  
**For the Year Ended June 30, 2019**

**Part 1. Current Year Findings and Management's Corrective Action Plan**

**Internal Control and Compliance Finding**

**2019-001 – Incorrect calculation of gross payroll and reporting of employee garnishments**

**CONDITION:** Employee garnishment deductions were deducted from employee gross earnings before the application of all payroll taxes. This resulted in incorrect reporting of gross wages on payroll tax reports and the incorrect amount of taxes being deducted from employee wages.

**CRITERIA:** Management is responsible for establishing internal controls, policies and procedures that provide reasonable assurance that employee payroll and related deductions are properly calculated and reported for accounting and payroll purposes.

**CAUSE:** A software update was installed for the payroll program in late 2018 and the coding for the tax treatment of garnishments was changed in error resulting in garnishments being deducted from gross payroll prior to the application of any applicable payroll taxes. This change was not noted by the payroll department until discovered during the audit of the June 30, 2019 financial statements.

**EFFECT:** Gross payroll and related taxes were incorrectly calculated and reported.

**RECOMMENDATION:** The City should revise internal control procedures over software updates and should also calculate the impact of this error on the affected employees and correct the gross wages and collect the applicable taxes from each employee.

**MANAGEMENT'S CORRECTIVE ACTION PLAN:** Management calculated the amount by which gross wages and payroll taxes were incorrect for each employee. Each employee was notified, and gross wages were corrected, and all applicable taxes withheld and/or collected.

Management will review its policies and procedures regarding software updates and revise them where needed. The City will also work with their software vendor to be aware of updates and software upgrades.

**CITY OF MARKSVILLE, LOUISIANA**  
**Schedule of Current and Prior Year Audit Findings**  
**(continued)**  
**For the Year Ended June 30, 2019**

**Internal Control Finding**

**2019-002 – Inadequate financial management of the utility system**

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

**CRITERIA:** Internal control is defined as 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 and includes those policies and procedures that pertain to the City’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

**CAUSE:** The cause of this condition is the result of a failure to design and implement policies and procedures to assure that all functions of the utility departments are properly segregated, reconciled, accounted for and all assets are safeguarded against unauthorized use and/or disposition.

**EFFECT:** The lack of policies and procedures for the Utility Systems and the inadequate financial management of the departments results in improper segregation of duties in the department, failure to reconcile meter deposits, failure to properly document and approve billing adjustments, and failure to properly safeguard assts.

**RECOMMENDATION:** We recommend the City management:

- 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;
- Ensure that the critical accounting functions are adequately segregated, and monthly bank reconciliations are reviewed, and all collections deposited in a timely manner;
- Reconcile the utility billings, bank accounts and general ledger accounts affiliated with utility collections;
- Reconcile the water meter and sewer deposits among all sources;
- Ensure all accounts are reviewed and inactive water meter and sewer deposits are applied to accounts and refunded on a timely basis;
- Ensure the safe is locked when not in use.

**MANAGEMENT’S CORRECTIVE ACTION PLAN:** Management will continue to develop policies and procedures for all systems and functions of the utility departments. City administration will 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 OF MARKSVILLE, LOUISIANA**  
**Schedule of Current and Prior Year Audit Findings**  
**(continued)**  
**For the Year Ended June 30, 2019**

**Internal Control and Compliance Finding**

**2019-003 Failure to renew sales tax ordinance**

**CONDITION:** The City continued to collect the 1% Sales and Use Tax after the expiration of the sales tax ordinance approved on October 5, 2002.

**CRITERIA:** The 1% Sales and Use Tax approved on October 5, 2002 for a 15-year renewal effective January 1, 2004, for the City of Marksville, Louisiana expired on January 1, 2019.

**CAUSE:** The City failed to properly monitor the expiration date of the sales tax ordinance and did not place a renewal proposition on a ballot in time for the tax to be renewed prior to the expiration date.

**EFFECT:** Sales taxes were collected after the expiration date of the sales tax ordinance and were collected without proper authorization.

**RECOMMENDATION:** Management should adopt policies and procedures to properly monitor the expiration of sales tax ordinances and present renewal propositions to voters in sufficient time so as to not have a lapse in sales tax collections. Also, management should confer with legal counsel to remedy the current 1% Sales and Use Tax expiration and subsequent collection of the tax.

**MANAGEMENT'S CORRECTIVE ACTION PLAN:** Management will adopt policies and procedures to timely monitor expiring ordinances, including all sales taxes. City management has contacted legal counsel and is consulting with counsel regarding a resolution for the current 1% Sales and Use Tax collected subsequent to the expiration date and the renewal of the expired 1% Sales and Use Tax.

**CITY OF MARKSVILLE, LOUISIANA**  
**Schedule of Current and Prior Year Audit Findings**  
**(continued)**  
**For the Year Ended June 30, 2019**

**Part II Prior Year Findings**

**A. Internal Control Finding**

None

**B. Compliance Findings**

None

**CITY OF MARKSVILLE, LOUISIANA**  
**STATEWIDE AGREED-UPON PROCEDURES REPORT**  
**JUNE 30, 2019**

**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

The Honorable Mayor John Lemoine  
And Board of Aldermen  
City of Marksville, Louisiana

We have performed the procedures enumerated below, which were agreed to by the City of Marksville, Louisiana and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The City's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

---

1. Obtain the City's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the City does not have any written policies and procedures), as applicable:
  - 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***, including receiving, recording, and preparing deposits.
  - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
  - 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, and (5) monitoring card usage.
- 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 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the City's ethics policy.
- j) ***Debt Service***, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) ***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 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.

**Results:** This area was tested again this year due to the lack of formal, written and adopted policies in all areas with the exception of payroll and personnel. Policies have been adopted in all areas except for Item k – Disaster Recovery/Business Continuity.

**Management's Response:** City administration will work on drafting written policies and procedures for Disaster Recovery/Business Continuity. Currently the City does have a contract with an outside vendor to provide the services required in the Disaster Recovery/Business Continuity policy.

***Board (or Finance Committee, if applicable)***

---

- 2. Obtain and review the council minutes for the fiscal period, and:
  - a) Report whether the managing council met (with a quorum) at least monthly, or on a frequency in accordance with the council's enabling legislation, charter, or other equivalent document.

**The above procedure was not performed since there were no exceptions in the prior year.**

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

**Results:** Reviewed minutes and they reflect do not reflect reference to the monthly budget comparison financials for the General Fund and all major funds.

**Management's Response:** Will incorporate reference to the monthly budget comparisons in monthly Finance Committee presentations to the Mayor and Council and will formalize the review by reference to the report in the minutes.

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

**The above procedure was not performed since there were no exceptions in the prior year.**

### ***Bank Reconciliations***

***(The following procedures were not performed since there were no exceptions in the prior year.)***

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.
4. Using the listing provided by management, select all of the City's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
  - a) Bank reconciliations have been prepared;
  - b) Bank reconciliations include evidence that a member of management or a council member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
  - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

### ***Collections***

***(The following procedures were not performed since there were no exceptions in the prior year.)***

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
  - a) Using the listing provided by management, select all of the City's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner
  - b) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
  - c) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
  - d) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
    - Using City collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day

of collection, report the number of days from receipt to deposit for each day at each collection location.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.
6. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the City has a process specifically defined (identified as such by the City) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

***See Results and Management's Response in the Written Policies and Procedures Section***

**Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)**  
***(The following procedures were not performed since there were no exceptions in the prior year.)***

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for City disbursements. Obtain management's representation that the listing or general ledger population is complete.
9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the City had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
  - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
  - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.
10. Using City documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the City's purchasing/disbursement system.

11. Using City documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review City documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.
13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

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

---

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

**The listing was provided by management.**

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the City has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder

**No evidence of approval by anyone other than the card holder. (Exception)**

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

**Results: No exceptions noted.**

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

- a) For each transaction, report whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased)

**Results: No exceptions noted.**

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

**Results: No exceptions noted.**

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

**Results: Purchase orders were not used on purchased made with a credit card.**

**Management's Response: Procedures will be adopted whereby credit card purchases are subject to City wide purchasing policies, including the use of purchase orders. Also evidence of approval on the credit card statements will be noted by someone other than the card holder.**

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the City's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

**Results: No exceptions noted.**

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

**Results: No exceptions noted.**

### ***Travel and Expense Reimbursement***

***(The following procedures were not performed since there were no exceptions in the prior year.)***

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.
18. Obtain the City's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

***See Results and Management's Response in the Written Policies and Procedures Section***

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
  - b) Report whether each expense is supported by:
    - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
    - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
    - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
  - c) Compare the City's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
  - d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

### ***Contracts***

***(The following procedures were not performed since there were no exceptions in the prior year.)***

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.
21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
  - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
  - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
  - d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
  - e) Obtain/review contract documentation and council minutes and report whether there is documentation of council approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

### ***Payroll and Personnel***

***(The following procedures were not performed since there were no exceptions in the prior year.)***

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
  - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
  - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.
23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
  - a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
  - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.
24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest

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

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

***Ethics (excluding nonprofits)***

***(The following procedures were not performed since there were no exceptions in the prior year.)***

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.
27. Inquire of management whether any alleged ethics violations were reported to the City during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the City's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

***Debt Service (excluding nonprofits)***

***(The following procedures were not performed since there were no exceptions in the prior year.)***

28. If debt was issued during the fiscal period, obtain supporting documentation from the City, and report whether State Bond Commission approval was obtained.
29. If the City had outstanding debt during the fiscal period, obtain supporting documentation from the City and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.
30. If the City had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

***Other***

***(The following procedures were not performed since there were no exceptions in the prior year.)***

31. Inquire of management whether the City had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the City reported the misappropriation to the legislative auditor and the district attorney of the parish in which the City is domiciled.
32. Observe and report whether the City has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.lla.la.gov/hotline](http://www.lla.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

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

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those 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.

The purpose of this report is 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.

*Ducote & Company*  
Marksville, Louisiana  
December 12, 2019