

**CITY OF MARKSVILLE, LOUISIANA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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

**CITY OF MARKSVILLE, LOUISIANA  
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## 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, 2017, 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  
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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, 2017, 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 61 through 65 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  
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#### *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 69-77 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 15, 2017 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 15, 2017

## **BASIC FINANCIAL STATEMENTS**

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

**CITY OF MARKSVILLE, LOUISIANA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current Assets:			
Cash	\$437,853	\$519,284	\$957,137
Interest bearing deposits	649,071	135,351	784,422
Receivables:			
Franchise receivables	31,677	0	31,677
Utility and other receivables	977	130,542	131,519
Due from governmental units	498,707	0	498,707
Inventory	0	76,576	76,576
Total current assets	<u>1,618,285</u>	<u>861,754</u>	<u>2,480,039</u>
Non-Current Assets:			
Restricted assets:			
Cash	0	252,165	252,165
Interest bearing deposits	0	278,869	278,869
Capital assets, net of accumulated depreciation	<u>4,304,777</u>	<u>10,498,269</u>	<u>14,803,046</u>
Total non-current assets	<u>4,304,777</u>	<u>11,029,304</u>	<u>15,334,081</u>
<b>TOTAL ASSETS</b>	<u>\$5,923,062</u>	<u>\$11,891,057</u>	<u>\$17,814,119</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$156,104</u>	<u>\$0</u>	<u>\$156,104</u>
<b>LIABILITIES AND FUND EQUITY</b>			
Current Liabilities:			
Accounts payable	\$81,474	\$68,679	\$150,153
Accrued expenses	68,526	0	68,526
Contracts payable	0	66,803	66,803
Capital lease payable	39,257	0	39,257
Bonds payable	125,000	0	125,000
Payable from restricted assets:			
Bonds payable	0	52,466	52,466
Accrued interest payable	0	4,479	4,479
Total current liabilities	<u>314,258</u>	<u>192,426</u>	<u>506,684</u>
Non-current Liabilities:			
Due to other governments	0	232,952	232,952
Capital leases payable	155,505	0	155,505
Bonds payable	1,457,000	1,237,199	2,694,199
Compensated absences	31,155	6,276	37,431
Net pension liability	345,856	0	345,856
Payable from restricted assets:			
Customer deposits	0	402,472	402,472
Total non-current liabilities	<u>1,989,516</u>	<u>1,878,899</u>	<u>3,868,415</u>
Total Liabilities	<u>2,303,774</u>	<u>2,071,325</u>	<u>4,375,098</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>\$13,047</u>	<u>\$0</u>	<u>\$13,047</u>
<b>NET POSITION</b>			
Investment in capital assets, net of related debt	2,528,015	9,406,566	11,934,581
Restricted for:			
Debt service	487,191	71,618	558,809
Sales tax dedications	543,482	0	543,482
Unrestricted	<u>203,657</u>	<u>341,549</u>	<u>545,206</u>
<b>TOTAL NET POSITION</b>	<u>\$3,762,345</u>	<u>\$9,819,733</u>	<u>\$13,582,078</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, 2017**

	Net Revenue (Expenses) and Changes in Net Assets					
	Expenses	Fees, Fines, Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<b>ACTIVITIES</b>						
Governmental activities:						
General government	\$767,868	\$338,424	\$0	\$(429,443)	\$0	\$(429,443)
Public Safety:						
Police	1,516,346	6,343	9,211	(1,500,792)	0	(1,500,792)
Fire	739,286	0	106,916	(632,370)	0	(632,370)
Streets, drainage & beautification	1,156,229	0	8,800	(1,147,429)	0	(1,147,429)
Interest on long-term debt	75,240	0	0	(75,240)	0	(75,240)
<b>Total Governmental Activities</b>	<b>4,254,968</b>	<b>344,767</b>	<b>124,927</b>	<b>(3,785,275)</b>	<b>0</b>	<b>(3,785,275)</b>
Business-type activities:						
Water	1,326,322	1,051,625	0	0	(274,698)	(274,698)
Sewer	906,467	638,366	281,519	0	13,417	13,417
<b>Total Business Type Activities</b>	<b>2,232,790</b>	<b>1,689,990</b>	<b>281,519</b>	<b>0</b>	<b>(261,280)</b>	<b>(261,280)</b>
<b>Total City of Marksville</b>	<b>6,487,758</b>	<b>2,034,757</b>	<b>406,446</b>	<b>(3,785,275)</b>	<b>(261,280)</b>	<b>(4,046,555)</b>
<b>GENERAL REVENUES</b>						
Taxes:						
Property taxes, levied for general government				213,088	0	213,088
Sales and Use tax, levied for general government				3,187,948	0	3,187,948
Franchise taxes				177,151	0	177,151
Grants and contributions not restricted to specific programs:						
Intergovernmental revenues				345,395	0	345,395
Gaming taxes				6,488	0	6,488
Interest and investment earnings				2,322	3,771	6,093
Sale of fixed assets				1,382	0	1,382
Miscellaneous				258,668	0	258,668
Transfers, net				263,389	(263,389)	0
<b>Total general items and transfers</b>				<b>4,455,832</b>	<b>(259,619)</b>	<b>4,196,213</b>
<b>Change in net position</b>				<b>670,557</b>	<b>(520,899)</b>	<b>149,658</b>
<b>Net position, beginning of year</b>				<b>3,091,788</b>	<b>10,340,632</b>	<b>13,432,420</b>
<b>Net position, end of year</b>				<b>\$3,762,345</b>	<b>\$9,819,733</b>	<b>\$13,582,078</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, 2017**

	General Fund	1% Sales Tax Special Revenue	1/2% Sales Tax Special Revenue	1/2% Public Safety Sales Tax Special Revenue	Non-Major Governmental Funds	Total
<b><u>ASSETS</u></b>						
Cash	\$305,966	\$10,099	\$59,698	\$54,569	\$7,522	\$437,853
Interest bearing deposits	11,528	124,255	37,000	0	476,288	649,071
Receivables						
Franchise receivables	31,677	0	0	0	0	31,677
Other receivables	947	0	30	0	0	977
Due from government agencies	81,614	130,695	65,347	65,347	155,703	498,707
Due from other funds	0	0	0	0	0	0
<b>TOTAL ASSETS</b>	<b><u>\$431,732</u></b>	<b><u>\$265,049</u></b>	<b><u>\$162,075</u></b>	<b><u>\$119,917</u></b>	<b><u>\$639,513</u></b>	<b><u>\$1,618,285</u></b>
<b><u>LIABILITIES</u></b>						
Accounts payable	\$77,916	\$1,779	\$890	\$890	\$0	\$81,474
Accrued expenses	24,471	0	0	0	0	24,471
<b>TOTAL LIABILITIES</b>	<b><u>102,387</u></b>	<b><u>1,779</u></b>	<b><u>890</u></b>	<b><u>890</u></b>	<b><u>0</u></b>	<b><u>105,946</u></b>
<b><u>FUND BALANCES</u></b>						
Restricted	0	263,269	161,186	119,027	411,288	954,770
Committed	0	0	0	0	228,224	228,224
Unassigned	329,345	0	0	0	0	329,345
Total fund balances	<u>329,345</u>	<u>263,269</u>	<u>161,186</u>	<u>119,027</u>	<u>639,513</u>	<u>1,512,339</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$431,732</u></b>	<b><u>\$265,049</u></b>	<b><u>\$162,075</u></b>	<b><u>\$119,917</u></b>	<b><u>\$639,513</u></b>	<b><u>\$1,618,285</u></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, 2017**

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

Total fund balances for governmental funds at June 30, 2017		\$1,512,339
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	\$8,078,486	
Less: accumulated depreciation	<u>(3,773,709)</u>	4,304,777
Liabilities not due and payable in the current period and therefore are not reported in the fund financial statements at June 30, 2017:		
Deferred outflows of resources	156,104	
Bonds payable	(1,582,000)	
Capital leases payable	(194,762)	
Accrued interest payable	(19,294)	
Net pension liability	(345,856)	
Deferred inflows of resources	(13,047)	
Compensated absences payable	<u>(55,916)</u>	(2,054,771)
<b>Total net position of governmental activities at June 30, 2017</b>		<b><u><u>\$3,762,345</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, 2017**

	General Fund	1% Sales Tax Fund	1/2% Sales Tax Fund	1/2% Public Safety Sales Tax Fund	Non-Major Governmental Funds	Totals Governmental Funds
<b>REVENUES</b>						
Taxes	\$226,010	\$1,587,513	\$793,756	\$793,756	\$0	\$3,401,036
Franchise fees	177,151	0	0	0	0	177,151
Licenses and permits	338,424	0	0	0	0	338,424
Intergovernmental	156,791	0	0	0	0	156,791
Fines and forfeits	6,343	0	0	0	0	6,343
Miscellaneous	139,862	556	61	0	301,372	441,851
<b>TOTAL REVENUES</b>	<b>1,044,581</b>	<b>1,588,069</b>	<b>793,818</b>	<b>793,756</b>	<b>301,372</b>	<b>4,521,596</b>
<b>EXPENDITURES</b>						
Current -						
General government	602,845	137,366	492	0	0	740,704
Public Safety:						
Police	1,404,424	0	0	0	0	1,404,424
Fire	643,932	0	0	10,715	0	654,647
Beautification	171,133	0	0	0	0	171,133
Streets and sidewalks	782,647	0	76,551	0	0	859,198
Capital outlay	1,200	11,446	0	0	400,245	412,891
Debt service	65,540	0	0	55,978	259,551	381,070
<b>TOTAL EXPENDITURES</b>	<b>3,671,722</b>	<b>148,812</b>	<b>77,043</b>	<b>66,693</b>	<b>659,796</b>	<b>4,624,067</b>
Excess (deficiency) of revenues over expenditures	(2,627,141)	1,439,257	716,775	727,063	(358,425)	(102,471)
<b>OTHER FINANCING SOURCES (USES)</b>						
Gain on sale of assets	1,382	0	0	0	0	1,382
Operating transfers in	2,699,775	0	0	0	452,129	3,151,904
Operating transfers out	(4,960)	(1,512,880)	(695,860)	(674,815)	0	(2,888,515)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,696,197</b>	<b>(1,512,880)</b>	<b>(695,860)</b>	<b>(674,815)</b>	<b>452,129</b>	<b>264,771</b>
Excess (deficiency) of revenues over expenditures and other sources (uses)	69,056	(73,623)	20,914	52,248	93,704	162,300
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>260,289</b>	<b>336,892</b>	<b>140,271</b>	<b>66,778</b>	<b>545,808</b>	<b>1,350,039</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$329,345</b>	<b>\$263,269</b>	<b>\$161,186</b>	<b>\$119,027</b>	<b>\$639,513</b>	<b>\$1,512,339</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, 2017**

<b>Total net changes in fund balances for year ended June 30, 2017 per</b>		
<b>Statement of Revenues, Expenditures and Changes in Fund Balances</b>		<b>\$162,300</b>
The change in net assets reported for governmental activities is in the Statement of Activities is different because:		
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.		
Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balances	412,891	0
Depreciation expense for the year ended June 30, 2017	<u>(301,779)</u>	
	0	111,112
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.		
Bonded debt repayments	<u>225,000</u>	225,000
Governmental funds report capital lease payments as expenditures. However, this expenditure does not appear in the statement of activities.		
Principal paid on capital lease in governmental funds	<u>73,465</u>	0
	0	73,465
Implementation of GASB68 (revenue less expense)		98,386
Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis.		7,364
Excess of compensated absences earned over compensated absences taken		<u>(7,070)</u>
<b>Change in net position of governmental activities</b>		<b><u>\$670,557</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, 2017**

	<u>Sewer Utility System</u>	<u>Water Utility System</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Current Assets:			
Cash and cash equivalents	\$202,888	\$316,396	\$519,284
Investments	0	135,351	135,351
Receivables:			
Utility and other receivables	47,765	82,777	130,542
Inventory	19,499	57,077	76,576
Total current assets	<u>270,152</u>	<u>591,602</u>	<u>861,754</u>
Non-Current Assets:			
Restricted assets:			
Cash and cash equivalents	118,346	133,819	252,165
Investments	88,869	190,000	278,869
Capital assets, net of accumulated depreciation	7,648,936	2,849,333	10,498,269
Total non-current assets	<u>7,856,151</u>	<u>3,173,153</u>	<u>11,029,304</u>
<b>TOTAL ASSETS</b>	<u><u>\$8,126,303</u></u>	<u><u>\$3,764,754</u></u>	<u><u>\$11,891,057</u></u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
Current Liabilities:			
Accounts payable	\$16,251	\$52,427	\$68,679
Contracts payable	0	66,803	66,803
Payable from restricted assets:			
Bonds payable	30,466	22,000	52,466
Accrued interest payable	876	3,603	4,479
Total current liabilities	<u>47,593</u>	<u>144,833</u>	<u>192,426</u>
Non-current Liabilities:			
Due to other governments	232,952	0	232,952
Bonds payable	759,199	478,000	1,237,199
Compensated absences	2,564	3,712	6,276
Payable from restricted assets:			
Customer deposits	113,854	288,618	402,472
Total non-current liabilities	<u>1,108,569</u>	<u>770,330</u>	<u>1,878,899</u>
Total Liabilities	<u>1,156,163</u>	<u>915,162</u>	<u>2,071,325</u>
<b>NET POSITION</b>			
Investment in capital assets, net of related debt	7,035,233	2,371,333	9,406,566
Restricted for debt service	62,018	9,599	71,618
Unrestricted	<u>(127,111)</u>	<u>468,660</u>	<u>341,549</u>
<b>TOTAL NET POSITION</b>	<u><u>\$6,970,143</u></u>	<u><u>\$2,849,590</u></u>	<u><u>\$9,819,733</u></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, 2017**

	Sewer Utility System	Water Utility System	Total
<b><u>OPERATING REVENUES</u></b>			
Charges for services	\$638,366	\$1,051,625	\$1,689,990
<b>TOTAL OPERATING REVENUES</b>	<u>638,366</u>	<u>1,051,625</u>	<u>1,689,990</u>
<b><u>OPERATING EXPENSES</u></b>			
Salaries	169,463	214,980	384,443
Payroll taxes	21,113	29,132	50,245
Depreciation	335,096	160,559	495,655
Water purchases	0	720,426	720,426
Repairs and supplies	199,545	60,960	260,505
Insurance	18,845	32,701	51,546
Office expense	954	14,651	15,605
Professional fees	5,606	39,649	45,256
Fuel	5,706	12,813	18,519
Lab tests & DEQ fees	42,384	6,679	49,063
Utilities and telephone	64,797	14,137	78,935
Miscellaneous	6,743	10,673	17,416
<b>TOTAL OPERATING EXPENSES</b>	<u>870,252</u>	<u>1,317,360</u>	<u>2,187,612</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(231,886)</u>	<u>(265,735)</u>	<u>(497,622)</u>
<b><u>NONOPERATING REVENUES (EXPENSES):</u></b>			
Grants	281,519	0	281,519
Interest income	1,035	2,736	3,771
Interest expense	(36,216)	(8,962)	(45,178)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>246,338</u>	<u>(6,226)</u>	<u>240,112</u>
Income (loss) before operating transfers	<u>14,452</u>	<u>(271,962)</u>	<u>(257,510)</u>
<b><u>OPERATING TRANSFERS IN (OUT):</u></b>			
Operating transfers in	307,097	20,000	327,097
Operating transfers out	(494,458)	(96,028)	(590,486)
<b>TOTAL OPERATING TRANSFERS</b>	<u>(187,361)</u>	<u>(76,028)</u>	<u>(263,389)</u>
<b>NET INCOME (LOSS)</b>	(172,910)	(347,990)	(520,899)
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>7,143,051</u>	<u>3,197,581</u>	<u>10,340,633</u>
<b>NET POSITION AT END OF YEAR</b>	<u><u>\$6,970,143</u></u>	<u><u>\$2,849,592</u></u>	<u><u>\$9,819,733</u></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, 2017**

	Sewer Utility System	Water Utility System	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$624,267	\$1,277,462	\$1,901,729
Payments to suppliers	(335,242)	(906,690)	(1,241,932)
Payments to employees for salaries and benefits	(191,249)	(248,233)	(439,482)
<b>Net cash provided by operating activities</b>	<u>97,776</u>	<u>122,539</u>	<u>220,315</u>
<b>Cash flows from noncapital financing activities:</b>			
Cash received from other funds	307,097	20,000	327,097
Cash paid to other funds	(494,458)	(96,028)	(590,486)
<b>Net cash provided by/ (used) for noncapital financing activities</b>	<u>(187,361)</u>	<u>(76,028)</u>	<u>(263,389)</u>
<b>Cash flows from capital and related financing activities:</b>			
Principal paid on capital debt	(29,128)	0	(29,128)
Proceeds from bond issue	0	500,000	500,000
Proceeds from grant	281,519	0	281,519
Interest paid on capital debt	(36,249)	(5,359)	(41,608)
Purchase of capital assets	(412,544)	(324,548)	(737,092)
Increase (decrease) in net meter deposits	(12,087)	(69,236)	(81,323)
<b>Net cash provided by/(used) for capital and related financing activities</b>	<u>(208,489)</u>	<u>100,857</u>	<u>(107,632)</u>
<b>Cash flows from investing activities:</b>			
Interest received from interest bearing deposits	1,035	2,736	3,771
<b>Net cash provided by/(used) for investing activities</b>	<u>1,035</u>	<u>2,736</u>	<u>3,771</u>
Net increase (decrease) in cash and cash equivalents	(297,039)	150,104	(146,935)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>707,142</u>	<u>625,463</u>	<u>1,332,606</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><u>\$410,103</u></u>	<u><u>\$775,567</u></u>	<u><u>\$1,185,669</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO</b>			
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$(231,886)	\$(265,735)	\$(497,621)
Depreciation	335,096	160,559	495,655
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(14,099)	225,837	211,738
(Increase) decrease in inventory	1,816	(13,527)	(11,711)
Increase (decrease) in accounts payable	7,522	19,526	27,048
Increase (decrease) in accrued liabilities	(673)	(4,121)	(4,794)
<b>Net cash provided by/(used) for operating activities</b>	<u><u>\$97,776</u></u>	<u><u>\$122,539</u></u>	<u><u>\$220,315</u></u>

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

## CITY OF MARKSVILLE, LOUISIANA

### Notes to Basic Financial Statements June 30, 2017

#### 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. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the propriety funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

##### A. Financial Reporting Entity

The City of Marksville 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.

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.

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

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

Effective July 1, 2012, the City adopted the provisions of Statement No. 61 (GASB 61), *The Financial Reporting Entity: Omnibus*, of the Governmental Accounting Standards Board (GASB). Statement No. 61 amends the criteria for determining which component units should be considered part of the City for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.



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

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

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

The GASB has established criteria to be considered in determining financial accountability, which includes:

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.

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.

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

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

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

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 assets 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.

***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.

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

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

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

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 following funds of the City are considered to be major funds and 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.

**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.

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

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

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

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*

On 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.

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 positions.

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

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

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

*Basis of Accounting*

In the government-wide statement of net assets 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. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "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 indicate 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)**

**C. 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)**

**C. 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)**

**C. 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 used 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.

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

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

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

As of June 30, 2017, fund balances are composed of the following:

	1/2% Public					
	Safety					
	General	1% Sales	1/2% Sales	Sales	Other	
	Fund	Tax Fund	Tax Fund	Tax Fund	Funds	Total
<b>Nonspendable:</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Restricted for:</b>						
Sales tax dedications	0	263,269	161,186	119,027	0	543,482
Debt service	0	0	0	0	411,288	411,288
Total restricted	0	263,269	161,186	119,027	411,288	954,770
<b>Committed to:</b>						
Capital projects	0	0	0	0	228,224	228,224
<b>Assigned</b>	0	0	0	0	0	0
<b>Unassigned</b>	329,345	0	0	0	0	329,345
<b>Total</b>	<u>\$329,345</u>	<u>\$263,269</u>	<u>\$161,186</u>	<u>\$119,027</u>	<u>\$639,513</u>	<u>\$1,512,339</u>

**D. 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.

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

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

**D. Revenues, Expenditures and Expenses (continued)**

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.

**E. 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 9
Ad Valorem Tax	See Note 9
Sewer utility revenue	See Note 10

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

**F. 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.

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

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

**G. Budget and Budgetary Accounting (continued)**

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, 2017.

**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)**

**1. 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, 2017, the City had cash and interest-bearing deposits (book balances) totaling \$2,272,593, as follows:

Demand deposits - non interest bearing	\$1,209,271
Money market accounts, certificates of deposit, and interest bearing accounts	1,063,322
	<u>\$2,272,593</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, 2017, the City's deposit balance (bank balance) of \$2,432,015 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 school system's name	1,932,015
Uninsured and uncollateralized	<u>0</u>
Total Deposits	<u>\$2,432,015</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, 2017, taxes of 7.15 mills were levied on property with assessed valuations totaling \$31,400,280 and were dedicated as follows:

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

Total taxes levied were \$224,515. Ad valorem taxes receivable at June 30, 2017 are immaterial. Total ad valorem tax remitted to the fire department was \$51,898.

**4. Receivables**

Receivables at June 30, 2017 of \$163,196, consist of the following:

	<u>General</u>	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Total</u>
Utilities (including unbilled)	\$0	\$47,765	\$82,777	\$130,542
Franchise Taxes				
Electric	26,956	0	0	26,956
Telephone	4,721	0	0	4,721
Other	977	0	0	977
	<u>\$32,654</u>	<u>\$47,765</u>	<u>\$82,777</u>	<u>\$163,196</u>

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

**5. Due from Other Governmental Units**

Due from other governmental agencies of \$498,707 at June 30, 2017 consisted of:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Non Major Funds</u>	<u>Total</u>
Beer tax	\$4,093	\$0	\$0	\$4,093
Sales tax	0	261,390	0	261,390
Gaming Share	0	0	0	0
DOTD	4,400	0	0	4,400
Rural Fire	0	0	0	0
Fire District No. 2	51,898	0	0	51,898
Video Poker	1,950	0	0	1,950
State grant	0	0	155,703	155,703
Housing Authority	19,273	0	0	19,273
Total	<u>\$81,614</u>	<u>\$261,390</u>	<u>\$155,703</u>	<u>\$498,707</u>

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

Restricted assets consisted of the following at June 30, 2017:

Revenue bond reserve fund	\$107,953
Capital additions and contingency funds	20,609
Cutomers' deposits	<u>402,472</u>
Total restricted assets	<u>\$531,034</u>

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

**7. Capital Assets**

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 162,514	\$0	\$0	\$ 162,514
Construction in progress	538,054	400,234	(759,159)	179,129
Other capital assets:				
Buildings	1,712,751	759,159	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	3,812,575	1,199	(26,187)	3,787,587
Totals	<u>7,703,240</u>	<u>1,160,592</u>	<u>(785,346)</u>	<u>8,078,486</u>
Less accumulated depreciation				
Buildings	491,380	34,558	0	525,938
Improvements other than buildings	199,853	10,411	0	210,264
Infrastructure	417,218	54,761	0	471,979
Equipment and vehicles	2,389,667	202,049	(26,187)	2,565,529
Totals	<u>3,498,118</u>	<u>301,779</u>	<u>(26,187)</u>	<u>3,773,710</u>
Governmental activities, capital assets, net	<u>\$4,205,122</u>	<u>\$858,813</u>	<u>(\$759,159)</u>	<u>\$4,304,776</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$24,292
Beautification	7,715
Police	69,945
Fire	83,286
Recreation	21,121
Streets	95,420
Total Depreciation Expense	<u>\$301,779</u>

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

**7. Capital Assets (continued)**

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Business-type activities				
Capital assets not being depreciated:				
Land	\$147,582	\$0	\$0	\$147,582
Construction in progress	\$154,851	\$404,691	(\$496,846)	\$62,696
Other capital assets:				
Buildings & improvements	187,804	0	0	187,804
Sewer distribution system	13,338,816	496,846	0	13,835,662
Water distribution system	6,312,799	391,351	(6,351)	6,697,799
Equipment	669,765	0	0	669,765
Totals	<u>20,811,617</u>	<u>1,292,888</u>	<u>(503,197)</u>	<u>21,601,308</u>
Less accumulated depreciation				
Buildings and improvements	100,108	8,230	0	108,338
Sewer distribution system	6,179,046	308,104	0	6,487,150
Water distribution system	3,832,049	141,730	(6,351)	3,967,428
Equipment	502,532	37,591	0	540,123
Totals	<u>10,613,735</u>	<u>495,655</u>	<u>(6,351)</u>	<u>11,103,039</u>
Business-type activities, capital assets, net	<u>\$10,197,882</u>	<u>\$797,233</u>	<u>(\$496,846)</u>	<u>\$10,498,269</u>

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

Sewer	\$335,096
Water	<u>160,559</u>
Total depreciation expense	<u>\$495,655</u>

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

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

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2017:

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

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
General Obligation Bonds	\$1,807,000	\$0	(\$225,000)	\$1,582,000
	<u>\$1,807,000</u>	<u>\$0</u>	<u>(\$225,000)</u>	<u>\$1,582,000</u>

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

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Due to DOTD	\$232,952	\$0	\$0	\$232,952
Revenue bonds	818,793	500,000	(29,128)	1,289,665
	<u>\$1,051,745</u>	<u>\$500,000</u>	<u>(\$29,128)</u>	<u>\$1,522,617</u>

**Capital Lease – Governmental Activities**

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Capital Lease - fire truck	\$196,371	\$0	(\$20,059)	\$176,312
Capital Lease - police cars	71,856	0	(53,407)	18,449
	<u>\$268,227</u>	<u>\$0</u>	<u>(\$73,465)</u>	<u>\$194,762</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 June 30, 2016	Additions	Deletions	Balance June 30, 2017
Government activities	\$47,531	\$83,616	(\$75,231)	\$55,916
Business-type activities	11,069	15,222	(20,015)	6,276
Total	<u>\$58,600</u>	<u>\$98,838</u>	<u>(\$95,246)</u>	<u>\$62,192</u>

The short-term portion of the governmental activities compensated absences in the amount of \$24,761 is included in accrued expenses on the Statement of Net Position.

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

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

Long-term debt payable at June 30, 2017 is compromised of the following:

	Balance at June 30, 2017	Due In One Year
<b>General Obligation Bonds:</b>		
\$2,000,000 Sales Tax Bonds, Series 2006, dated October 1, 2007 due in annual installments of \$60,000 to \$155,000 through October 1, 2027; interest at 4.399% per annum. Funded by 1/2% sales tax revenues	\$1,345,000	\$95,000
\$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 4.40% per annum. Funded by 1/2% public safety sales tax revenues	\$51,000	\$16,000
\$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	\$186,000	\$14,000
	<hr/>	<hr/>
Total General Obligation Bond Indebtedness	\$1,582,000	\$125,000
	<hr/>	<hr/>
<b>Revenue Bonds:</b>		
\$1,200,000 Sewer Revenue Bonds, dated February 22, 1995, due to Farmers Home Administration in 468 monthly installments of \$5,448, commencing March 1996 and through December 2034; interest at 4.5% per annum; secured by and payable from the proceeds of the sewer utility system.	\$789,665	\$30,466
\$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 2.450% 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.	\$500,000	\$22,000
	<hr/>	<hr/>
Total Revenue Bond Indebtedness	\$1,289,665	\$52,466
	<hr/>	<hr/>

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

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

The long term debt is due as follows:

<b>Government-type Activities</b>			
<b>General Obligation Bonds</b>			
Year Ending 30-Jun	Principal Payments	Interest Payments	Total
2018	\$125,000	\$66,933	\$296,911
2019	\$132,000	\$59,584	\$189,859
2020	\$138,000	\$53,997	\$191,584
2021	\$126,000	\$48,531	\$191,997
2022	\$131,000	\$43,136	\$174,531
2023-2028	\$930,000	\$127,436	\$354,109
	<u>\$1,582,000</u>	<u>\$399,616</u>	<u>\$1,398,989</u>

  

<b>Business-type Activities</b>			
<b>Revenue Bonds</b>			
Year Ending 30-Jun	Principal Payments	Interest Payments	Total
2018	\$52,466	\$46,771	\$99,237
2019	\$53,866	\$45,041	\$98,907
2020	\$56,330	\$43,237	\$99,567
2021	\$76,861	\$41,123	\$117,984
2022	\$79,463	\$37,096	\$116,559
2023-2027	\$449,028	\$144,178	\$593,206
2028-2032	\$369,667	\$67,884	\$437,551
2033-2035	\$151,984	\$8,750	\$160,734
	<u>\$1,289,665</u>	<u>\$434,080</u>	<u>\$1,723,745</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. As of June 30, 2017, the repayment terms had not been determined.

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

**9. 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 a 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.

Collection of the 1% sales and use tax during the fiscal year ended June 30, 2017 totaled \$1,587,513.

**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 as of January 1, 1981 and collections during the fiscal year ended June 30, 2017 totaled \$793,756.

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.

A resolution was adopted by Mayor and Council on October 1, 2007 to authorize the issuance of \$2,000,000 Sales Tax Bonds. This resolution requires that the avails of the proceeds of the ½ % Sales Tax be dedicated to constructing, acquiring, extending and improving streets, shall be deposited with the City's regularly designated fiscal agent bank in the 1996 ½% Sales Tax Fund. After payment of all reasonable and necessary costs and expenses of collecting the tax, certain transfers must be made from the Sales Tax Fund to the Sales Tax Bond Sinking Fund on a monthly basis.



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

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

**B. ½% Sales and Use Tax (continued)**

The 2007 issue of \$2,000,000 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, 2017, the City made all required transfers to this fund.

The 2007 Sales Tax Bond issue also requires that there must be deposited and retained in the Reserve Fund a sum equal to the highest combined principal and interest requirements for any succeeding fiscal year which amounts to \$158,488. The Reserve Fund was initially funded with \$161,975 from the bond proceeds. At June 30, 2017 balance in the Reserve Fund totaled \$170,162.

**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 and collections during the fiscal year ended June 30, 2017 totaled \$793,756.

On December 1, 2006, the City issued Sales Tax Bonds in the amount of \$880,000 (par value) with an interest rate of 3.95% per annum to advance refund general bonds with an interest rate of 4.72 per annum. The 2006 issue of \$880,000 of Sales Tax Bonds requires certain transfer to be made to a Sinking Fund on a monthly basis.

The transfers into the Sinking Fund should be made 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 ending June 30, 2017, the City made all required transfers to this fund.

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

**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, 2017 totaled \$213,088. See Note 8 for additional information on the bond issue.

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

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

Under the terms of the indenture for outstanding Sewer Revenue Bonds, all income and revenues of the Sewer System are pledge 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 falling due on the next principal and interest payment date. During the fiscal year ended June 30, 2017, the City of Marksville made all required transfers to this fund.
3. To establish a Sewer Reserve Fund and to transfer thereto, no later than the 20<sup>th</sup> day of each month, a sum at least equal to 5% of the amount to be paid into the Sewer Revenue Bond and Interest Sinking Fund each month, until such time as there has been accumulated in the fund a sum of \$65,376. The money in this fund is to be retained solely for the purpose of paying the principal and interest on the Sewer Revenue Bonds which cannot be paid from the sinking fund noted in the preceding paragraph. The City began funding the Sewer Reserve Fund upon the completion and acceptance of the improvements and extensions financed with the proceeds of the bonds. As of June 30, 2017, the Sewer Revenue Reserve Fund Balance totaled \$66,752.
4. To establish a Sewer Revenue Bonds 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 of \$297. The City began funding the Sewer Revenue Bonds Contingency Fund upon the completion and acceptance of the improvements and extensions financed with the proceeds of the bonds. As of June 30, 2017, the Sewer Revenue Bonds Contingency Fund totaled \$45,534.

The balance of the 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.

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

**11. 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**

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).

***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.

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

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

**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. As an alternative to the basic retirement benefits, a member may elect to receive their retirement benefits under any one of six different options providing for reduced retirement benefits payable throughout their life, with certain benefits being paid to their designated beneficiary after their death.

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

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

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

January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

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.

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

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

**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 age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees. For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

**Survivor'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.



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

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

The rates in effect during the year ended June 30, 2016 for the various plans follow:

<b>Plan</b>	<b>Plan Status</b>	<b>Employee Contribution Rate</b>	<b>Employer Contribution Rate</b>
Regular Employees and Appellate Law Clerks			
Pre Act 75 (hired before 7/1/2006)	Closed	7.5%	37.2%
Post Act 75 (hired after 6/30/2006)	Open	8.0%	37.2%
Optional Retirement Plan (ORP)			
Pre Act 75 (hired before 7/1/2006)	Closed	7.5%	37.2%
Post Act 75 (hired after 6/30/2006)	Closed	8.0%	37.2%
Legislators	Closed	11.5%	39.7%
Special Legislative Employees	Closed	9.5%	39.7%
Judges hired before 1/1/2011	Closed	11.5%	38.1%
Judges hired after 12/31/2010	Open	13.0%	39.3%
Corrections Primary	Closed	9.0%	32.6%
Corrections Secondary	Closed	9.0%	33.5%
Wildlife Agents	Closed	9.5%	46.6%
Peace Officers	Closed	9.0%	35.3%
Alcohol Tobacco Control	Closed	9.0%	33.3%
Bridge Police	Closed	8.5%	35.8%
Hazardous Duty	Open	9.5%	37.6%

The agency's contractually required composite contribution rate for the year ended June 30, 2016 was 38.1% 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 \$4,698 for the year ended June 30, 2017.

At June 30, 2017, the Employer reported a liability of \$54,811 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 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, 2016, the Agency's proportion was .000070%, which was a decrease of .00001% from its proportion measured as of June 30, 2015.

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

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

For the year ended June 30, 2017, the Agency recognized pension expense of \$4,698 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions.

At June 30, 2017, the Agency reported \$45,132 of deferred outflows of resources and \$17,663 of deferred inflows of resources related to the pension plan:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Change in assumptions	\$0	\$0
Differences between expected and actual experience	32	(508)
Net difference between projected and actual earnings on pension plan investments	6,827	0
Changes in proportion and differences between:		
District contributions and proportionate share of contributions	33,575	(17,155)
District contributions subsequent to the measurement date	<u>4,698</u>	<u>0</u>
Total	<u><u>\$45,132</u></u>	<u><u>(\$17,663)</u></u>

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:**

2018	\$1,050
2019	\$1,018
2020	\$2,653
2021	\$1,628

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

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

***Actuarial Assumptions***

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016, and 2015 are as follows:

<b>Valuation Date</b>	June 30, 2016 and 2015																					
<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>	7.75% per annum.																					
<b>Inflation Rate</b>	3.0% 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: <table><tr><td></td><td><b>Lower Range</b></td><td><b>Upper Range</b></td></tr><tr><td><b>Member Type</b></td><td></td><td></td></tr><tr><td>Regular</td><td>4.0%</td><td>13.0%</td></tr><tr><td>Judges</td><td>3.0%</td><td>5.5%</td></tr><tr><td>Corrections</td><td>3.6%</td><td>14.5%</td></tr><tr><td>Hazardous Duty</td><td>3.6%</td><td>14.5%</td></tr><tr><td>Wildlife</td><td>3.6%</td><td>14.5%</td></tr></table>		<b>Lower Range</b>	<b>Upper Range</b>	<b>Member Type</b>			Regular	4.0%	13.0%	Judges	3.0%	5.5%	Corrections	3.6%	14.5%	Hazardous Duty	3.6%	14.5%	Wildlife	3.6%	14.5%
	<b>Lower Range</b>	<b>Upper Range</b>																				
<b>Member Type</b>																						
Regular	4.0%	13.0%																				
Judges	3.0%	5.5%																				
Corrections	3.6%	14.5%																				
Hazardous Duty	3.6%	14.5%																				
Wildlife	3.6%	14.5%																				
<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 and an adjustment for the effect of rebalancing/diversification.

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

**11. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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, 2015 are summarized in the following table:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash	-0.24%
Domestic equity	4.31%
International equity	5.48%
Domestic Fixed Income	1.63%
International Fixed Income	2.47%
Alternative Investments	7.42%
Global Asset Allocation	2.92%
Total	5.30%

***Discount Rate***

The discount rate used to measure the total pension liability was 7.75%. 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 7.75%, 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 (6.75%) or one percentage-point higher (8.75%) than the current rate:

	<b>1.0% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1.0% Increase (8.75%)</b>
Employer's proportionate share of the net pension liability	\$67,340	\$54,811	\$44,165

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

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

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2016 Comprehensive Annual Financial Report at [www.lasersonline.org](http://www.lasersonline.org).

**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 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)**

**11. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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 10 years of creditable service
At age 50	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 are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

**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)**

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

**11. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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, 2017, total contributions for employers and employees were 39.5%. 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 31.5% and 8%, respectively. The employer and employee contribution rates for all Non Hazardous Duty members hired after January 1, 2103 were 32% and 7.5%, 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 32% and 7.5%, respectively. The actuarially required employer and employee combined contrition for June 30, 2016 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, 2017 was 31.75% 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 \$19,447 for the year ended June 30, 2017.

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

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

At June 30, 2016 (measurement date), the City reported a liability of \$291,045 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 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, 2016, the Agency's proportion was .031052%, which was a decrease of .000650% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Agency recognized pension expense of 19,447, plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions.

At June 30, 2017, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in assumptions	\$0	\$0
Differences between expected and actual experience	0	4,630
Net difference between projected and actual earnings on pension plan investments	18	0
Changes in proportion and differences between:		
District contributions and proportionate share of contributions	91,507	(14)
District contributions subsequent to the measurement date	<u>19,447</u>	<u>0</u>
Total	<u>\$110,972</u>	<u>\$4,616</u>

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

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

\$675 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, 2017.

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:**

2018	(\$27,671)
2019	\$10,773
2020	\$16,577
2021	\$11,376

***Actuarial Assumptions***

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016, are as follows:

<b>Valuation Date</b>	June 30, 2016
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Inflation Rate</b>	2.875%

**Actuarial Assumptions:**

<b>Expected Remaining Service Lives</b>	4 Years
<b>Investment Rate of Return</b>	7.5% net of investment.

**Mortality** The mortality rate assumption used was based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

**Salary Increases, including inflation (3%) and merit**

<b>Years of Service</b>	<b>Salary Growth Rate</b>
1	9.75%
2-23	4.75%
Over 23	4.25%

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

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

The discount rate used to measure the total pension liability was 7.5%. 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 8.0% for the year ended June 30, 2014.

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2016 are summarized in the following table:

<b>Asset Class</b>	<b>June 30, 2016</b>	
	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	21%	0.49%
Equity	53%	3.69%
Alternatives	20%	1.11%
Other	6%	0.21%
Total	100%	5.50%
Inflation		2.75%
Expected Nomial Return		8.25%

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

**11. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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 7.5%, 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 (6.5%) or one percentage-point higher (8.5%) than the current rate:

	<b>1.0% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1.0% Increase (8.5%)</b>
Employer's proportionate share of the net pension liability	\$387,988	\$291,045	\$209,652

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in the separately issued Municipal Police Employees' Retirement System of Louisiana Annual Financial Report at [www.lasersonline.org](http://www.lasersonline.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 publically 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, 2017 had no pension liability for benefits in this system.

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

**12. 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. 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.

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.



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

**13. 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, 2017.

**14. Contingencies**

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. As of June 30, 2017, several suits had been filed against the City. The potential loss to the City of Marksville for any damages awarded under uninsured claims is undeterminable.

On November 3, 2015, a child was killed in a shooting which involved an off duty City of Marksville policeman and another officer who was not an employee of the City of Marksville. Both were contracted as part-time ward marshals for the Marksville City Court at the time of the accident. Any potential liability to the City cannot be determined at this time.

**15. Subsequent Events**

Subsequent events were evaluated through December 15, 2017, which is the date the financial statements were available to be issued. There were no subsequent events material to the financial statements to report.

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

**16. 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, 2017, as follows:

	Sewer Fund	Water Fund	Total Enterprise Funds
Operating Revenues	\$638,366	\$1,051,625	\$1,689,991
	638,366	1,051,625	1,689,991
Depreciation	335,096	160,559	495,655
Operating Expenses	535,156	1,156,801	1,691,957
Total Operating expenses	870,252	1,317,360	2,187,612
Operating income (loss)	(\$231,886)	(\$265,735)	(\$497,622)

**17. Interfund Transactions**

A. Internal Balances (Due from/to Other Funds)

There were no internal balances at June 30, 2017.

B. Transfers

Transfers consisted of the following at June 30, 2017:

	Transfers In	Transfers Out
Major Funds-		
General Fund	\$2,699,775	\$4,960
Special Revenue Funds:		
1% Sales Tax Fund	0	1,531,625
1/2% Sales Tax Fund	0	677,115
1/2% Public Safety Sales Tax Fund	0	674,815
Proprietary Funds:		
Sewer Utility Fund	307,097	587,958
Water Utility Fund	20,000	2,528
Nonmajor Funds-		
Debt Service Funds:		
Street Improvement Bond	164,400	0
Public Safety Bond	18,200	0
Capital Projects Fund:		
Capital Outlay Capital Projects Fund	269,529	0
	\$3,479,001	\$3,479,001

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

**17. Interfund Transactions (continued)**

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.

**18. Compensation of Elected Officials**

A detail of compensation paid to elected officials for the year ended June 30, 2017 follows:

	<u>Compensation</u>	<u>Term Expires</u>
John Lemoine, Mayor	\$6,260	June 30, 2018
Council Members:		
Current Members:		
Edward Conway	6,930	June 30, 2018
Mary E. Sampson	6,390	June 30, 2018
Clyde Benson	6,325	June 30, 2018
Frank Havard	6,260	June 30, 2018
Michael Gremillion	6,260	June 30, 2018
	<u>\$38,425</u>	

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**CITY OF MARKSVILLE, LOUISIANA  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Original Budget</b>	<b>Final Budget As Amended</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b><u>REVENUES</u></b>				
Taxes	\$237,500	\$226,280	\$226,010	\$(270)
Franchise Fees	204,100	175,290	177,151	1,861
Licenses and permits	385,000	345,000	338,424	(6,576)
Intergovernmental	205,350	148,940	156,791	7,851
Fines and forfeits	25,000	6,500	6,343	(158)
Miscellaneous	167,350	126,226	139,862	13,636
<b>TOTAL REVENUES</b>	<b>1,224,300</b>	<b>1,028,236</b>	<b>1,044,581</b>	<b>16,345</b>
<b><u>EXPENDITURES</u></b>				
Current -				
General government	484,802	559,081	602,845	(43,764)
Public Safety:				
Police	1,430,850	1,430,090	1,404,424	25,666
Fire	692,450	678,985	643,932	35,053
Beautification	205,800	183,050	171,133	11,917
Streets and sidewalks	923,500	786,095	782,647	3,448
Capital outlay	500	110,960	1,200	109,760
Debt service	38,410	38,410	65,540	(27,131)
<b>TOTAL EXPENDITURES</b>	<b>3,776,312</b>	<b>3,786,671</b>	<b>3,671,722</b>	<b>114,949</b>
Excess (deficiency) of revenues over expenditures	<u>(2,552,012)</u>	<u>(2,758,435)</u>	<u>(2,627,141)</u>	<u>131,294</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Gain on sale of assets	6,000	1,380	1,382	1,382
Operating transfers in	2,563,000	2,614,775	2,699,775	85,000
Operating transfers out	0	0	(4,960)	4,960
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,569,000</b>	<b>2,616,155</b>	<b>2,696,197</b>	<b>80,042</b>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>16,988</u>	<u>(142,280)</u>	<u>69,056</u>	<u><b>\$211,336</b></u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>260,289</b>	<b>260,289</b>	<b>260,289</b>	
<b>FUND BALANCES AT END OF YEAR</b>	<b><u>\$277,277</u></b>	<b><u>\$118,009</u></b>	<b><u>\$329,345</u></b>	

**CITY OF MARKSVILLE, LOUISIANA  
1% SALES TAX FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Original Budget</b>	<b>Final Budget As Amended</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b><u>REVENUES</u></b>				
Taxes	\$1,590,000	\$1,580,923	\$1,587,513	\$6,590
Miscellaneous	950	555	556	1
<b>TOTAL REVENUES</b>	<u>1,590,950</u>	<u>1,581,478</u>	<u>1,588,069</u>	<u>6,591</u>
<b><u>EXPENDITURES</u></b>				
Current -				
General government	140,000	137,000	137,366	(366)
Public Safety:				
Capital outlay	65,000	146,850	11,446	135,404
Debt service	0	0	0	0
<b>TOTAL EXPENDITURES</b>	<u>205,000</u>	<u>283,850</u>	<u>148,812</u>	<u>135,038</u>
Excess (deficiency) of revenues over expenditures	<u>1,385,950</u>	<u>1,297,628</u>	<u>1,439,257</u>	<u>141,629</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Operating transfers out	<u>(1,355,400)</u>	<u>(1,382,456)</u>	<u>(1,512,880)</u>	<u>130,424</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,355,400)</u>	<u>(1,382,456)</u>	<u>(1,512,880)</u>	<u>(130,424)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	30,550	(84,828)	(73,623)	<u>\$11,205</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>336,892</u>	<u>336,892</u>	<u>336,892</u>	
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$367,442</u>	<u>\$252,064</u>	<u>\$263,269</u>	

**CITY OF MARKSVILLE, LOUISIANA**  
**1/2% SALES TAX FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Original Budget</b>	<b>Final Budget As Amended</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b><u>REVENUES</u></b>				
Taxes	\$795,000	\$790,461	\$793,756	\$3,295
Miscellaneous	275	255	61	(194)
<b>TOTAL REVENUES</b>	<u>795,275</u>	<u>790,716</u>	<u>793,818</u>	<u>3,101</u>
<b><u>EXPENDITURES</u></b>				
Current -				
General government	0	0	492	(492)
Public Safety:				
Police	0	246	0	246
Fire	0	246	0	246
Streets and sidewalks	68,000	153,000	76,551	76,449
Capital outlay	2,000	2,500	0	2,500
Debt service	0	0	0	0
<b>TOTAL EXPENDITURES</b>	<u>70,000</u>	<u>155,992</u>	<u>77,043</u>	<u>78,949</u>
Excess (deficiency) of revenues over expenditures	<u>725,275</u>	<u>634,724</u>	<u>716,775</u>	<u>82,050</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Operating transfers out	<u>(722,620)</u>	<u>(657,318)</u>	<u>(695,860)</u>	<u>38,542</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(722,620)</u>	<u>(657,318)</u>	<u>(695,860)</u>	<u>(38,542)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	2,655	(22,594)	20,914	<u>\$43,508</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>140,271</u>	<u>140,271</u>	<u>140,271</u>	
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$142,926</u>	<u>\$117,677</u>	<u>\$161,186</u>	



**CITY OF MARKSVILLE, LOUISIANA  
1/2% PUBLIC SAFETY SALES TAX FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Original Budget</b>	<b>Final Budget As Amended</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b><u>REVENUES</u></b>				
Taxes	<u>\$795,000</u>	<u>\$790,461</u>	<u>\$793,756</u>	<u>\$3,295</u>
<b>TOTAL REVENUES</b>	<u>795,000</u>	<u>790,461</u>	<u>793,756</u>	<u>3,295</u>
<b><u>EXPENDITURES</u></b>				
Current -				
Public Safety:				
Fire	0	10,788	10,715	73
Capital outlay	60,000	120,000	0	120,000
Debt service	<u>55,978</u>	<u>55,978</u>	<u>55,978</u>	<u>0</u>
<b>TOTAL EXPENDITURES</b>	<u>115,978</u>	<u>186,766</u>	<u>66,693</u>	<u>120,073</u>
Excess (deficiency) of revenues over expenditures	<u>679,022</u>	<u>603,695</u>	<u>727,063</u>	<u>123,368</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Operating transfers out	<u>(638,200)</u>	<u>(634,815)</u>	<u>(674,815)</u>	<u>40,000</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(638,200)</u>	<u>(634,815)</u>	<u>(674,815)</u>	<u>(40,000)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	40,822	(31,120)	52,248	<u>\$83,368</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>66,778</u>	<u>66,778</u>	<u>66,778</u>	
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$107,601</u>	<u>\$35,659</u>	<u>\$119,027</u>	

**CITY OF MARKSVILLE, LOUISIANA  
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2017**

<b>Fiscal Year*</b>	<b>Agency's 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>					
2017	0.070000%	\$54,811	\$12,362	443%	0.00%
2016	0.000000%	\$0	\$0	0%	0.00%
2015	0.069000%	\$42,957	\$12,362	347%	65.00%
<b>Municipal Police Employees' Retirement System (LAMPERS)</b>					
2017	0.031052%	\$291,045	\$80,819	360%	66.04%
2016	0.031702%	\$248,352	\$81,461	305%	70.73%
2015	0.032297%	\$202,053	\$84,938	238%	75.10%
<b>Louisiana Firefighters' Retirement System (FRS)</b>					
2017	0.000000%	\$0	\$0	0%	0.00%
2016	0.000000%	\$0	\$0	0%	0.00%
2015	0.000000%	\$0	\$0	0%	0.00%

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

## **OTHER SUPPLEMENTARY INFORMATION**

**NONMAJOR GOVERNMENTAL FUNDS**

## **NONMAJOR DEBT SERVICE FUNDS**

### **Public Safety Bonds**

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.

### **Street Improvement Bonds**

To accumulate monies for repayment of the \$2,000,000 Sales Tax Bonds, Series 2007, 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, 2017**

	Debt Service Funds	Capital Outlay Fund	Total Non-Major Governmental Funds
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$0	\$7,522	\$7,522
Interest bearing deposits	411,288	65,000	476,288
Due from governmental agencies	0	155,703	155,703
<b>TOTAL ASSETS</b>	<b><u>\$411,288</u></b>	<b><u>\$228,224</u></b>	<b><u>\$639,513</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>TOTAL LIABILITIES</b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>
<b><u>FUND BALANCES</u></b>			
Restricted	411,288	0	411,288
Committed	0	228,224	228,224
Total fund balances	<u>411,288</u>	<u>228,224</u>	<u>639,513</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$411,288</u></b>	<b><u>\$228,224</u></b>	<b><u>\$639,513</u></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, 2017**

	Debt Service Funds	Capital Outlay Fund	Total Non-Major Governmental Funds
<b><u>REVENUES</u></b>			
Intergovernmental revenues	\$0	\$299,774	\$299,774
Miscellaneous	1,049	549	1,597
<b>TOTAL REVENUES</b>	<u>1,049</u>	<u>300,323</u>	<u>301,372</u>
<b><u>EXPENDITURES</u></b>			
Capital outlay	0	400,245	400,245
Debt service -			
Principal retirement	195,000	0	195,000
Interest	63,501	0	63,501
Other	1,050	0	1,050
<b>TOTAL EXPENDITURES</b>	<u>259,551</u>	<u>400,245</u>	<u>659,796</u>
Excess (deficiency) of revenues over expenditures	<u>(258,502)</u>	<u>(99,922)</u>	<u>(358,425)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Operating transfers in	182,600	269,529	452,129
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>182,600</u>	<u>269,529</u>	<u>452,129</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	(75,902)	169,607	93,704
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>487,191</u>	<u>58,618</u>	<u>545,808</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u><u>\$411,288</u></u>	<u><u>\$228,224</u></u>	<u><u>\$639,513</u></u>



**CITY OF MARKSVILLE, LOUISIANA  
COMBINING BALANCE SHEET  
NON-MAJOR DEBT SERVICE FUNDS  
JUNE 30, 2017**

	Public Safety Bonds	Street Improve- ment Bonds	Totals Non-Major Debt Service Funds
<b><u>ASSETS</u></b>			
Interest bearing deposits	\$13,093	\$398,195	\$411,288
<b>TOTAL ASSETS</b>	<u>13,093</u>	<u>398,195</u>	<u>411,288</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Due to other funds	0	0	0
<b>TOTAL LIABILITIES</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b><u>FUND BALANCES</u></b>			
Restricted	13,093	398,195	411,288
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$13,093</u>	<u>\$398,195</u>	<u>\$411,288</u>

**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, 2017**

	Public Safety Bonds	Street Improve- ment Bonds	Total Non-Major Debt Service Funds
<b><u>REVENUES</u></b>			
Miscellaneous	\$128	\$921	\$1,049
<b>TOTAL REVENUES</b>	<u>128</u>	<u>921</u>	<u>1,049</u>
<b><u>EXPENDITURES</u></b>			
Debt service -			
Principal retirement	105,000	90,000	195,000
Interest	2,074	61,428	63,501
Other	650	400	1,050
<b>TOTAL EXPENDITURES</b>	<u>107,724</u>	<u>151,828</u>	<u>259,551</u>
Excess (deficiency) of revenues over expenditures	<u>(107,596)</u>	<u>(150,907)</u>	<u>(258,502)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Operating transfers in	18,200	164,400	182,600
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>18,200</u>	<u>164,400</u>	<u>182,600</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	(89,396)	13,493	(75,902)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>102,489</u>	<u>384,702</u>	<u>487,191</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u><u>\$13,093</u></u>	<u><u>\$398,195</u></u>	<u><u>\$411,288</u></u>

## **OTHER FINANCIAL INFORMATION**

**CITY OF MARKSVILLE, LOUISIANA**  
**SCHEDULE OF NUMBER OF UTILITY CUSTOMERS**  
**JUNE 30, 2017**

Records maintained by the City of Marksville indicated the following number of customers were being serviced during the months of June 2017 and June 2016:

<u>Department</u>	<u>2017</u>	<u>2016</u>
Water:		
Commercial	338	347
Residential	<u>2,194</u>	<u>2,207</u>
Total	<u><u>2,532</u></u>	<u><u>2,554</u></u>
Sewerage:		
Commerical	318	323
Residential	<u>1,966</u>	<u>1,988</u>
Total	<u><u>2,284</u></u>	<u><u>2,311</u></u>

See independent auditors' report.

**CITY OF MARKSVILLE  
SCHEDULE OF INSURANCE IN FORCE  
JUNE 30, 2017**

<b>Description of Coverage</b>	<b>Asset Covered</b>	<b>Insurance Company</b>	<b>Policy Number</b>	<b>Expiration Date</b>
Worker's Comp	Employees	LA Municipal Risk Assoc	70-0381-15207	10/21/2017
Fire	Fire Station	V.F.I.S.	VFIS-TR-2050513-09	1/1/2018
	Auto	VFIS	VFIS-CM-1050338-09	1/1/2018
Auto Liability	Fleet	LA Municipal Risk Assoc	100-0346-14950	1/1/2018
Blanket Bond	City Secretary	Western Surety	54703437	7/1/2018
	City Clerk	Western Surety	70418858	7/1/2018
	Mayor	Western Surety	54703433	7/1/2018
	Payroll Clerk	Western Surety	54703436	7/1/2018
	Mayor Pro Tem	Universal Surety	54703435	7/1/2018
	Police Chief	Western Surety	54703434	7/1/2018
	Waterworks Clerk	Western Surety	12395480	Indefinite Years
	City of Marksville	Western Surety	71064330	Upon Termination
Commercial Property	City Hall	Allstate Insurance	648602094	4/22/2018
	Police Station			
	Personal Property			
Commerical Property	Sewer Department Property	Allstate Insurance	648671343	9/8/2017
Commercial Property	Water Department	Allstate Insurance	648675854	9/19/2017
Building	Street Department	Delta Insurance	BR-B3718	8/12/2018
Building	Mary Bethune Gym	Delta Insurance	PES0005715	3/9/2018

See independent auditors' report.

**CITY OF MARKSVILLE  
SCHEDULE OF MAYOR AND BOARD OF ALDERMAN  
JUNE 30, 2017**

<b>Elected Official</b>	<b>Office</b>	<b>Term</b>	<b>Expiration</b>
John Lemoine 906 Tunica Drive East Marksville, LA 71351	Mayor	4 years	6/30/2018
Mary E. Sampson * 641 N Preston Marksville, LA 71355	Alderman	3 1/2 years	6/30/2018
Edward Conway * 436 Overton Avenue Marksville, LA 71351	Alderman	3 1/2 years	6/30/2018
Michael Gremillion 154 Bernes Street Marksville, LA 71351	Alderman	4 years	6/30/2018
Clyde Benson * 732 Evelyn Drive Marksville, LA 71351	Alderman	3 1/2 years	6/30/2018
Frank Havard * 585 Cedar Lane Marksville, LA 71351	Alderman	3 1/2 years	6/30/2018

\*Delayed term due to redistricting.

The Mayorial election was held on April 5, 2014 and the Mayor's new term began on July 1, 2014. Due to redistricting, the Aldermen elections were delayed until November 2014 and newly elected aldermen were sworn into office in December 2014.

See independent auditors' report.

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

**JUNE 30, 2017**  
**(Without Audit)**

**Agency Head: John Lemoine, Mayor**

Purpose	Amount
Salary	\$6,260
Telephone	696
Registration & convention fees	<u>200</u>
Total	<u><u>\$7,156</u></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, 2017, 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 15, 2017.

**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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of audit results, findings and questioned costs, as Item 2017-01.



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 no instances of noncompliance or other matters required to be reported under Government Auditing Standards.

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

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

### **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 15, 2017

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 no instances of noncompliance or other matters required to be reported under Government Auditing Standards.

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

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

### **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 15, 2017

**CITY OF MARKSVILLE, LOUISIANA**  
**Audit Results, Findings and Questioned Costs**  
**For the Year Ended June 30, 2017**

**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	No
Noncompliance material to the basic financial statements noted?	No

**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**

**2017-01 – Effective Internal Control over Bank Accounts and Related Receipts and Disbursements**

**Criteria:** Effective internal controls include applying established City policies and procedures over all bank accounts and the related receipts and disbursements.

**Condition and Context:** A new bank account was established for a newly opened recreation and community center and was not subjected to City wide policies for banking, receipts and disbursements.

**Cause and Effect:** Accounting for receipts and disbursements for one bank account was not subjected to the same controls as all other City activity. This created a deviation from City policies and procedures resulting in inadequate controls over the bank account which could result in misappropriation of assets and/or fraud and misstatement of financial statements.

**Recommendation:** We recommend internal control policies and procedures be reviewed with all City administration and that City policies and procedures be applied uniformly to all bank accounts.

**Management’s Response:** Management concurs with the finding and recommendation and has incorporated this account into City wide controls. Also management has discussed the internal control policies and procedures with administration and will monitor future activity to prevent the situation from occurring again.

**B. Compliance Findings**

None

**CITY OF MARKSVILLE, LOUISIANA**  
**Schedule of Prior Year Audit Findings**  
**For the Year Ended June 30, 2017**

			Corrective	
	Fiscal Year		Action	Planned
	Finding		Taken	Corrective Action/
	Initially		(Yes, No,	Partial Corrective
Ref. No	Occurred	Description of Finding	Partially)	Action Taken
None				

**CITY OF MARKSVILLE, LOUISIANA**  
**STATEWIDE AGREED-UPON PROCEDURES REPORT**  
**JUNE 30, 2017**



**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, 2016 through June 30, 2017. 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.

**Results: Written policies and procedures are only in place for payroll and personnel and copies were for those areas were obtained and reviewed for proper inclusion of appropriate financial/business functions of the City. Policies for all other areas have not been formalized in writing**

**Management's Response: City administration is currently drafting written policies and procedures and will adopt them when completed.**

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

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- 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.

**Results: No exceptions noted**

- 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: Budget comparisons are reviewed annually with the Council and Mayor and amendments to the budget are made usually in June of each year as needed based on budget comparison reports. (Exception)**

**Management's Response: Will incorporate budget comparisons in monthly reports to Finance Committee Chair and the Council**

- 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.

**Results: No exceptions noted.**

### ***Bank Reconciliations***

---

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

**The listing was provided by management.**

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;

**Results: No exceptions noted.**

- 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

**Results: No exceptions noted.**

- 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.

**Results: No exceptions noted.**

### ***Collections***

---

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

**The listing was provided by management.**

6. 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. **For each cash collection location selected:**

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

**Results: No exceptions noted.**



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

**Results: No exceptions noted.**

- c) 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.

**Results: No exceptions noted.**

- 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.

**Results: No exceptions noted.**

7. 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.

**Results: The City does not have formal written policies and procedures for determining the completeness of all collections for each revenue source by a person who is not responsible for those collections.**

**Management's Response: City administration is currently updating and drafting written policies and procedures to reflect how the City determines the completeness of collections and will adopt them when completed.**

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

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

**The listing was provided by management.**



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.

**Results: No exceptions noted.**

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

**Results: No exceptions noted.**

- 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.

**Results: No exceptions noted.**

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.

**Results: No exceptions noted.**

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.

**Results: No exceptions noted.**

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.

**Results: No exceptions noted.**



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.

**Results: The City does not use signature stamps. No exceptions noted.**

#### ***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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.))]

**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.**

- 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***

---

- 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.

**The listing was provided by management.**

- 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.

**Results: The City does not have written policies related to travel and reimbursement; however the City reimburses actual meals and lodging and uses the standard IRS mileage rate for any travel reimbursements.**

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.

**Results: No exceptions noted.**

- 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.]

**Results: No exceptions noted.**

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

**Results: No exceptions noted.**

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

**Results: No exceptions noted.**

- 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.

**Results: No exceptions noted.**

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

**Results: No exceptions noted.**



## ***Contracts***

---

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

**The listing was provided by management.**

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.

**Results: No exceptions noted.**

- 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)

**None of the contract payments were subject to the Louisiana Public Bid Law.**

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

**Results: No exceptions noted.**

- 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.

**Results: No exceptions noted.**

- 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.

**Results: No exceptions noted.**

- 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).

**Results: No exceptions noted.**



## ***Payroll and Personnel***

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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.

**Results: No exceptions noted.**

- 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.

**Results: No exceptions noted.**

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.)

**Results: No exceptions noted.**

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

**Results: No exceptions noted.**

- 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.

**Results: No exceptions noted.**

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.

**Results: No exceptions noted.**



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.

**Results: No exceptions noted.**

#### ***Ethics (excluding nonprofits)***

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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.

**Results: No exceptions noted.**

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.

**Management is not aware of any alleged or actual ethics violations during the fiscal year.**

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

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

**Results: No exceptions noted.**

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.

**Results: No exceptions noted.**

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.

**Results: No exceptions noted.**

## ***Other***

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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.

**Management informed us that the City did not have any misappropriation of public funds or assets during the fiscal year.**

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.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Results: As of the date tested, the notice was not posted on the City's website and at two of its physical locations.**

**Management's Response: The City has contacted their IT Specialist to add the notice on its website and has already posted the notice to the two physical locations**

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

**Results: No exceptions noted.**

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 15, 2017