

CITY OF MARKSVILLE, LOUISIANA

Financial Report

Year Ended June 30, 2018

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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, 2018, 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, 2018, 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.

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 7, 2018 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 7, 2018

BASIC FINANCIAL STATEMENTS

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

CITY OF MARKSVILLE, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash	\$516,084	\$315,834	\$831,918
Interest bearing deposits	343,531	136,031	479,562
Receivables:			
Franchise receivables	29,882	0	29,882
Utility and other receivables	1,367	158,113	159,480
Due from governmental units	363,457	139,221	502,679
Inventory	0	67,388	67,388
Total current assets	1,254,321	816,587	2,070,908
Non-Current Assets:			
Restricted assets:			
Cash	0	238,024	238,024
Interest bearing deposits	0	278,942	278,942
Capital assets, net of accumulated depreciation	4,258,119	10,309,223	14,567,342
Total non-current assets	4,258,119	10,826,189	15,084,308
TOTAL ASSETS	\$5,512,440	\$11,642,776	\$17,155,216
DEFERRED OUTFLOWS OF RESOURCES	\$121,780	\$0	\$121,780
LIABILITIES AND FUND EQUITY			
Current Liabilities:			
Accounts payable	\$107,117	\$80,757	\$187,873
Accrued expenses	74,815	0	74,815
Contracts payable	27,164	154,968	182,132
Capital lease payable	40,165	0	40,165
Bonds payable	120,000	0	120,000
Payable from restricted assets:			
Bonds payable	0	38,000	38,000
Accrued interest payable	0	11,534	11,534
Total current liabilities	369,260	285,259	654,519
Non-current Liabilities:			
Due to other governments	0	209,657	209,657
Capital leases payable	219,662	0	219,662
Bonds payable	1,107,000	1,153,000	2,260,000
Compensated absences	11,165	6,600	17,765
Net pension liability	228,535	0	228,535
Payable from restricted assets:			
Customer deposits	0	415,042	415,042
Total non-current liabilities	1,566,362	1,784,299	3,350,661
Total Liabilities	1,935,622	2,069,557	4,005,179
DEFERRED INFLOWS OF RESOURCES	\$69,289	\$0	\$69,289
NET POSITION			
Investment in capital assets, net of related debt	2,771,292	9,156,225	11,927,517
Restricted for:			
Debt service	88,946	52,390	141,336
Sales tax dedications	706,534	0	706,534
Unrestricted	62,536	364,604	427,140
TOTAL NET POSITION	\$3,629,308	\$9,573,219	\$13,202,528

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

**CITY OF MARKSVILLE, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

	Expenses	Fees, Fines, Charges for Services	Operating Grants and Contributions	Net Revenue (Expenses) and Changes in Net Assets		Total
				Governmental Activities	Business- Type Activities	
ACTIVITIES						
Governmental activities:						
General government	\$671,583	\$344,842	\$0	\$(326,741)	\$0	\$(326,741)
Public Safety:						
Police	1,401,100	3,875	0	(1,397,225)	0	(1,397,225)
Fire	791,740	0	105,058	(686,682)	0	(686,682)
Streets, drainage & beautification	1,232,254	0	8,800	(1,223,454)	0	(1,223,454)
Interest on long-term debt	85,444	0	0	(85,444)	0	(85,444)
Total Governmental Activities	4,182,121	348,717	113,858	(3,719,546)	0	(3,719,546)
Business-type activities:						
Water	1,435,450	1,158,294	334,194	0	57,038	57,038
Sewer	1,122,142	604,404	0	0	(517,738)	(517,738)
Total Business Type Activities	2,557,592	1,762,698	334,194	0	(460,701)	(460,701)
Total City of Marksville	6,739,713	2,111,415	448,052	(3,719,546)	(460,701)	(4,180,246)
GENERAL REVENUES						
Taxes:						
Property taxes, levied for general government				216,715	0	216,715
Sales and Use tax, levied for general government				3,140,295	0	3,140,295
Franchise taxes				160,297	0	160,297
Grants and contributions not restricted to specific programs:						
Intergovernmental revenues				62,671	0	62,671
Gaming taxes				7,206	0	7,206
Interest and investment earnings				1,605	3,543	5,148
Sale of fixed assets				3,387	1,525	4,912
Miscellaneous				203,452	0	203,452
Transfers, net				(209,119)	209,119	0
Total general items and transfers				3,586,509	214,187	3,800,696
Change in net position				(133,037)	(246,513)	(379,550)
Net position, beginning of year				3,762,345	9,819,734	13,582,080
Net position, end of year				\$3,629,308	\$9,573,219	\$13,202,530

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, 2018**

	General Fund	1% Sales Tax Special Revenue	1/2% Sales Tax Special Revenue	1/2% Public Safety Sales Tax Special Revenue	Non-Major Govern- mental Funds	Total
<u>ASSETS</u>						
Cash	\$253,726	\$7,494	\$150,058	\$93,558	\$11,248	\$516,084
Interest bearing deposits	7,739	144,847	37,000	0	153,946	343,531
Receivables						
Franchise receivables	29,882	0	0	0	0	29,882
Other receivables	1,367	0	0	0	0	1,367
Due from government agencies	85,874	138,792	69,396	69,396	0	363,457
TOTAL ASSETS	<u>\$378,587</u>	<u>\$291,133</u>	<u>\$256,454</u>	<u>\$162,953</u>	<u>\$165,194</u>	<u>\$1,254,321</u>
<u>LIABILITIES</u>						
Accounts payable	\$103,111	\$2,003	\$1,001	\$1,001	\$0	\$107,117
Accrued expenses	26,935	0	0	0	0	26,935
Contracts payable	0	0	0	0	27,164	27,164
TOTAL LIABILITIES	<u>130,046</u>	<u>2,003</u>	<u>1,001</u>	<u>1,001</u>	<u>27,164</u>	<u>161,215</u>
<u>FUND BALANCES</u>						
Restricted	0	289,130	255,452	161,952	88,946	795,480
Committed	0	0	0	0	49,084	49,084
Unassigned	248,542	0	0	0	0	248,542
Total fund balances	248,542	289,130	255,452	161,952	138,030	1,093,106
TOTAL LIABILITIES AND FUND BALANCE	<u>\$378,587</u>	<u>\$291,133</u>	<u>\$256,454</u>	<u>\$162,953</u>	<u>\$165,194</u>	<u>\$1,254,321</u>

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, 2018**

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

Total fund balances for governmental funds at June 30, 2018		\$1,093,106
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	\$8,218,471	
Less: accumulated depreciation	<u>(3,960,352)</u>	4,258,119
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	121,780	
Bonds payable	(1,227,000)	
Capital leases payable	(259,827)	
Accrued interest payable	(11,059)	
Net pension liability	(228,535)	
Deferred inflows of resources	(69,289)	
Compensated absences payable	<u>(47,987)</u>	
		<u>(1,721,917)</u>
Total net position of governmental activities at June 30, 2018		<u>\$3,629,308</u>

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

**CITY OF MARKSVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund	1% Sales Tax Fund	1/2% Sales Tax Fund	1/2% Public Safety Sales Tax Fund	Non-Major Govern- mental Funds	Totals Governmental Funds
REVENUES						
Taxes	\$230,795	\$1,563,108	\$781,554	\$781,554	\$0	\$3,357,010
Franchise fees	160,297	0	0	0	0	160,297
Licenses and permits	344,842	0	0	0	0	344,842
Intergovernmental	156,082	0	0	0	27,653	183,735
Fines and forfeits	3,875	0	0	0	0	3,875
Miscellaneous	<u>112,565</u>	<u>517</u>	<u>374</u>	<u>23,747</u>	<u>655</u>	<u>137,858</u>
TOTAL REVENUES	<u>1,008,456</u>	<u>1,563,625</u>	<u>781,928</u>	<u>805,301</u>	<u>28,307</u>	<u>4,187,618</u>
EXPENDITURES						
Current -						
General government	510,180	101,167	142	112	0	611,600
Public Safety:						
Police	1,307,667	0	0	10,734	0	1,318,401
Fire	679,763	0	0	30,043	0	709,805
Beautification	159,071	0	0	0	0	159,071
Streets and sidewalks	870,428	10,300	73,508	0	0	954,236
Capital outlay	125,000	0	0	4,776	135,211	264,987
Debt service	<u>88,154</u>	<u>0</u>	<u>0</u>	<u>18,659</u>	<u>401,206</u>	<u>508,019</u>
TOTAL EXPENDITURES	<u>3,740,262</u>	<u>111,467</u>	<u>73,650</u>	<u>64,324</u>	<u>536,417</u>	<u>4,526,120</u>
Excess (deficiency) of revenues over expenditures	<u>(2,731,805)</u>	<u>1,452,158</u>	<u>708,278</u>	<u>740,977</u>	<u>(508,110)</u>	<u>(338,502)</u>
OTHER FINANCING SOURCES (USES)						
Gain on sale of assets	3,387	0	0	0	0	3,387
Proceeds from leases	125,000	0	0	0	0	125,000
Proceeds from bond issuance	0	0	0	0	1,020,000	1,020,000
Payments to Escrow Agent for Refunding Debt	0	0	0	0	(1,020,000)	(1,020,000)
Operating transfers in	2,522,615	0	183,355	0	238,982	2,944,953
Operating transfers out	<u>0</u>	<u>(1,426,298)</u>	<u>(797,366)</u>	<u>(698,052)</u>	<u>(232,355)</u>	<u>(3,154,071)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,651,002</u>	<u>(1,426,298)</u>	<u>(614,011)</u>	<u>(698,052)</u>	<u>6,627</u>	<u>(80,732)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>(80,803)</u>	<u>25,860</u>	<u>94,267</u>	<u>42,925</u>	<u>(501,483)</u>	<u>(419,234)</u>
FUND BALANCES AT BEGINNING OF YEAR	<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>
FUND BALANCES AT END OF YEAR	<u>\$248,542</u>	<u>\$289,130</u>	<u>\$255,452</u>	<u>\$161,952</u>	<u>\$138,030</u>	<u>\$1,093,106</u>

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, 2018**

Total net changes in fund balances for year ended June 30, 2018 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$(419,234)
 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	264,987	
Depreciation expense for the year ended June 30, 2018	<u>(311,632)</u>	(46,645)
 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.		
Proceeds for bond issues	(1,020,000)	
Bonded debt repayments	<u>1,375,000</u>	355,000
 Governmental funds report capital lease payments as expenditures. However, this expenditure does not appear in the statement of activities.		
Proceeds from capital lease in governmental funds	(125,000)	
Principal paid on capital lease in governmental funds	<u>59,934</u>	(65,066)
Implementation of GASB68 (revenue less expense)		26,725
Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis.		8,253
Excess of compensated absences taken over compensated absences earned.		<u>7,930</u>
 Change in net position of governmental activities		 <u>\$(133,037)</u>

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, 2018**

	<u>Sewer Utility System</u>	<u>Water Utility System</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents	\$185,617	\$130,217	\$315,834
Investments	0	136,031	136,031
Receivables:			
Due from other governmental agencies	0	139,221	139,221
Utility and other receivables	53,242	104,871	158,113
Inventory	10,763	56,624	67,388
Total current assets	<u>249,622</u>	<u>566,965</u>	<u>816,587</u>
Non-Current Assets:			
Restricted assets:			
Cash and cash equivalents	78,980	159,044	238,024
Investments	88,942	190,000	278,942
Capital assets, net of accumulated depreciation	7,263,207	3,046,016	10,309,223
Total non-current assets	<u>7,431,129</u>	<u>3,395,060</u>	<u>10,826,189</u>
TOTAL ASSETS	<u>\$7,680,751</u>	<u>\$3,962,025</u>	<u>\$11,642,776</u>
<u>LIABILITIES AND FUND EQUITY</u>			
Current Liabilities:			
Accounts payable	\$30,782	\$49,974	\$80,757
Contracts payable	0	154,968	154,968
Payable from restricted assets:			
Bonds payable	16,000	22,000	38,000
Accrued interest payable	8,063	3,471	11,534
Total current liabilities	<u>54,845</u>	<u>230,414</u>	<u>285,259</u>
Non-current Liabilities:			
Due to other governments	209,657	0	209,657
Bonds payable	697,000	456,000	1,153,000
Compensated absences	1,793	4,807	6,600
Payable from restricted assets:			
Customer deposits	117,163	297,879	415,042
Total non-current liabilities	<u>1,025,612</u>	<u>758,686</u>	<u>1,784,299</u>
Total Liabilities	<u>1,080,457</u>	<u>989,100</u>	<u>2,069,557</u>
NET POSITION			
Investment in capital assets, net of related debt	6,566,208	2,590,017	9,156,225
Restricted for debt service	26,696	25,894	52,390
Unrestricted	<u>7,390</u>	<u>357,214</u>	<u>364,604</u>
TOTAL NET POSITION	<u>\$6,600,296</u>	<u>\$2,972,923</u>	<u>\$9,573,219</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, 2018**

	<u>Sewer Utility System</u>	<u>Water Utility System</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Charges for services	\$604,404	\$1,158,294	\$1,762,698
TOTAL OPERATING REVENUES	<u>604,404</u>	<u>1,158,294</u>	<u>1,762,698</u>
<u>OPERATING EXPENSES</u>			
Salaries	161,616	222,628	384,244
Payroll taxes	17,826	20,098	37,924
Depreciation	335,034	184,595	519,629
Water purchases	0	761,973	761,973
Repairs and supplies	373,059	96,780	469,839
Insurance	41,192	28,579	69,771
Office expense	2,158	21,904	24,062
Professional fees	22,867	35,240	58,107
Fuel	6,980	13,996	20,976
Lab tests & DEQ fees	39,508	9,066	48,574
Utilities and telephone	81,989	17,074	99,063
Miscellaneous	12,486	13,124	25,610
TOTAL OPERATING EXPENSES	<u>1,094,714</u>	<u>1,425,059</u>	<u>2,519,773</u>
OPERATING INCOME (LOSS)	<u>(490,310)</u>	<u>(266,765)</u>	<u>(757,075)</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Gain on sale of assets	0	1,525	1,525
Grants	0	334,194	334,194
Interest income	719	2,825	3,543
Interest expense	(27,428)	(10,391)	(37,819)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(26,710)</u>	<u>328,153</u>	<u>301,443</u>
Income (loss) before operating transfers	<u>(517,020)</u>	<u>61,387</u>	<u>(455,632)</u>
<u>OPERATING TRANSFERS IN (OUT):</u>			
Operating transfers in	265,002	143,000	408,002
Operating transfers out	(117,829)	(81,054)	(198,883)
TOTAL OPERATING TRANSFERS	<u>147,173</u>	<u>61,946</u>	<u>209,119</u>
NET INCOME (LOSS)	<u>(369,847)</u>	<u>123,333</u>	<u>(246,513)</u>
NET POSITION AT BEGINNING OF YEAR	<u>6,970,142</u>	<u>2,849,592</u>	<u>9,819,734</u>
NET POSITION AT END OF YEAR	<u>\$6,600,296</u>	<u>\$2,972,925</u>	<u>\$9,573,219</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, 2018**

	Sewer Utility System	Water Utility System	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$598,927	\$1,136,200	\$1,735,127
Payments to suppliers	(517,573)	(998,643)	(1,516,216)
Payments to employees for salaries and benefits	(180,213)	(242,726)	(422,939)
Net cash provided by operating activities	<u>(98,859)</u>	<u>(105,169)</u>	<u>(204,028)</u>
Cash flows from noncapital financing activities:			
Cash received from other funds	265,002	143,000	408,002
Cash paid to other funds	(117,829)	(81,054)	(198,883)
Net cash provided by/ (used) for noncapital financing activities	<u>147,173</u>	<u>61,946</u>	<u>209,119</u>
Cash flows from capital and related financing activities:			
Principal paid on capital debt	(789,665)	(22,000)	(811,665)
Proceeds from bond issue	713,000	0	713,000
Proceeds from grant	0	194,973	194,973
Interest paid on capital debt	(20,241)	(10,523)	(30,764)
Proceeds from sale of capital assets	0	1,525	1,525
Purchase of capital assets	(12,000)	(293,113)	(305,113)
Increase (decrease) in net meter deposits	3,309	9,261	12,570
Net cash provided by/(used) for capital and related financing activities	<u>(105,597)</u>	<u>(119,877)</u>	<u>(225,474)</u>
Cash flows from investing activities:			
Interest received from interest bearing deposits	719	2,825	3,544
Net cash provided by/(used) for investing activities	<u>719</u>	<u>2,825</u>	<u>3,544</u>
Net increase (decrease) in cash and cash equivalents	(56,564)	(160,275)	(216,839)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>410,103</u>	<u>775,567</u>	<u>1,185,671</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$353,539</u>	<u>\$615,292</u>	<u>\$968,831</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$(490,310)	\$(266,725)	\$(757,035)
Depreciation	335,034	184,595	519,629
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(5,477)	(22,094)	(27,571)
(Increase) decrease in inventory	8,736	453	9,189
Increase (decrease) in accounts payable	14,531	(2,453)	12,078
Increase (decrease) in accrued liabilities	38,627	1,055	39,682
Net cash provided by/(used) for operating activities	<u>\$(98,859)</u>	<u>\$(105,169)</u>	<u>\$(204,028)</u>

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

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements

June 30, 2018

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, 2018, fund balances are composed of the following:

	<u>General Fund</u>	<u>1% Sales Tax Fund</u>	<u>1/2% Sales Tax Fund</u>	<u>1/2% Public Safety Sales Tax Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Nonspendable	\$0	\$0	\$0	\$0	\$0	0
Restricted for:						
Sales tax dedications	0	289,130	255,452	161,952	0	706,534
Debt service	0	0	0	0	88,946	88,946
Total restricted	<u>0</u>	<u>289,130</u>	<u>255,452</u>	<u>161,952</u>	<u>88,946</u>	<u>795,480</u>
Committed to:						
Capital projects	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>49,084</u>	<u>49,084</u>
Assigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unassigned	<u>248,542</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>248,542</u>
Total	<u>\$248,542</u>	<u>\$289,130</u>	<u>\$255,452</u>	<u>\$161,952</u>	<u>\$138,030</u>	<u>\$1,093,106</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, 2018.

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, 2018, the City had cash and interest-bearing deposits (book balances) totaling \$1,828,446, as follows:

Demand deposits - non interest bearing	\$1,069,942
Money market accounts, certificates of deposit, and interest bearing accounts	758,504
	\$1,828,446

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, 2018, the City's deposit balance (bank balance) of \$2,121,356 was exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$500,000
Collateralized:	
Collateral held by pledging bank's trust department not in the City's name	1,621,356
Uninsured and uncollateralized	0
Total Deposits	\$2,121,356

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, 2018, taxes of 7.15 mills were levied on property with assessed valuations totaling \$31,993,330 and were dedicated as follows:

General corporate purposes	7.15 mills
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Total taxes levied were \$228,755. Ad valorem taxes receivable at June 30, 2018 are immaterial. Total ad valorem tax remitted to the fire department was \$56,219.

4. Receivables

Receivables at June 30, 2018 of \$189,362, consist of the following:

	General	Sewer Utility	Water Utility	Total
Utilities (including unbilled)	\$0	\$53,242	\$104,871	\$158,113
Franchise Taxes				
Electric	26,533	0	0	26,533
Telephone	3,349	0	0	3,349
Other	1,367	0	0	1,367
	\$31,249	\$53,242	\$104,871	\$189,362

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

5. Due from Other Governmental Units

Due from other governmental agencies of \$502,678, at June 30, 2018 consisted of:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Non Major Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
Beer Tax	\$4,055	\$0	\$0	\$0	\$4,055
Sales Tax	0	277,584	0	0	277,584
DOTD	4,400	0	0	0	4,400
Rural Fire	270	0	0	0	270
Fire District No. 2	56,219	0	0	0	56,219
Video Poker	1,657	0	0	0	1,657
Housing Authority	19,273	0	0	0	19,273
State of LA	0	0	0	139,221	139,221
	<u>\$85,874</u>	<u>\$277,584</u>	<u>\$0</u>	<u>\$139,221</u>	<u>\$502,678</u>

Restricted Assets – Proprietary Fund Types

Restricted assets consisted of the following at June 30, 2018:

Revenue bond reserve	\$101,924
Customers' deposits	<u>415,042</u>
	<u>\$516,966</u>

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

6. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 162,514	\$0	\$0	\$ 162,514
Construction in progress	179,129	135,199	0	314,328
Other capital assets:				
Buildings	2,471,910	0	0	2,471,910
Improvements other than buildings	336,220	0	0	336,220
Infrastructure	1,141,126	0	0	1,141,126
Equipment and vehicles	3,787,587	129,776	(124,990)	3,792,373
Totals	8,078,486	264,975	(124,990)	8,218,471
Less accumulated depreciation				
Buildings	525,938	51,916	0	577,854
Improvements other than buildings	210,264	10,156	0	220,420
Infrastructure	471,979	54,759	0	526,738
Equipment and vehicles	2,565,529	194,801	(124,990)	2,635,340
Totals	3,773,710	311,632	(124,990)	3,960,352
Governmental activities, capital assets, net	\$4,304,776	(\$46,657)	\$0	\$4,258,119

Depreciation expense was charged to governmental activities as follows:

General government	\$41,650
Beautification	6,867
Police	66,907
Fire	83,663
Recreation	20,621
Streets	91,924
Total Depreciation Expense	\$311,632

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

7. Capital Assets (continued)

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2018
Business-type activities				
Capital assets not being depreciated:				
Land	\$147,582	\$0	\$0	\$147,582
Construction in progress	\$62,696	\$468,333	(\$189,088)	\$341,941
Other capital assets:				
Buildings & improvements	187,804	0	0	187,804
Sewer distribution system	13,835,662	0	0	13,835,662
Water distribution system	6,697,799	0	0	6,697,799
Equipment	669,765	51,337	(9,999)	711,103
Totals	<u>21,601,308</u>	<u>519,670</u>	<u>(199,087)</u>	<u>21,921,891</u>
Less accumulated depreciation				
Buildings and improvements	108,338	7,851	0	116,189
Sewer distribution system	6,487,150	306,835	0	6,793,985
Water distribution system	3,967,428	161,297	0	4,128,725
Equipment	540,123	43,645	(9,999)	573,769
Totals	<u>11,103,039</u>	<u>519,628</u>	<u>(9,999)</u>	<u>11,612,668</u>
Business-type activities, capital assets, net	<u>\$10,498,269</u>	<u>\$42</u>	<u>(\$189,088)</u>	<u>\$10,309,223</u>

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

Sewer	\$335,034
Water	<u>184,595</u>
 Total depreciation expense	 <u>\$519,629</u>

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

7. Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2018:

General Long-Term Debt – Governmental Activities

	Balance			Balance
	June 30, 2017	Additions	Deletions	June 30, 2018
General Obligation Bonds	\$1,582,000	\$1,020,000	(\$1,375,000)	\$1,227,000
	<u>\$1,582,000</u>	<u>\$1,020,000</u>	<u>(\$1,375,000)</u>	<u>\$1,227,000</u>

General Long-Term Debt – Business-type Activities

	Balance			Balance
	June 30, 2017	Additions	Deletions	June 30, 2018
Due to DOTD	\$232,952	\$0	\$0	\$232,952
Revenue bonds	1,289,665	713,000	(811,665)	1,191,000
	<u>\$1,522,617</u>	<u>\$713,000</u>	<u>(\$811,665)</u>	<u>\$1,423,952</u>

Capital Lease – Governmental Activities

	Balance			Balance
	June 30, 2017	Additions	Deletions	June 30, 2018
Capital Lease - fire truck	\$176,312	\$0	(\$20,807)	\$155,505
Capital Lease - fire truck	\$0	\$125,000	(\$20,678)	\$104,322
Capital Lease - police cars	18,449	0	(18,449)	0
	<u>\$194,761</u>	<u>\$125,000</u>	<u>(\$59,934)</u>	<u>\$259,827</u>

Compensated Absences

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

	Balance			Balance
	June 30, 2017	Additions	Deletions	June 30, 2018
Government activities	\$55,916	\$70,084	(\$78,013)	\$47,987
Business-type activities	6,276	14,050	(13,726)	6,600
Total	<u>\$62,192</u>	<u>\$84,134</u>	<u>(\$91,739)</u>	<u>\$54,587</u>

The short-term portion of the governmental activities compensated absences in the amount of \$36,821 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, 2018 is comprised of the following:

	Balance at June 30, 2018	Due In One Year
General Obligation Bonds:		
\$1,020,000 Sales Tax Bonds, Series 2017, dated October 3, 2017, due in annual installments of \$88,000 to \$119,000 through October 1, 2028; interest at 2.24% per annum. These bonds are a refunding of the \$2,000,000 Sales Tax Bonds Series, 2006. The bonds are funded by 1/2% sales tax revenues.	\$1,020,000	\$88,000
\$150,000 Sales Tax Revenue Bonds, Series 2009, dated October 13, 2009, due in annual installments of \$13,000 to \$18,000, through September 1, 2019; interest at 1.75% to 4.4% per annum. Funded by 1/2% public safety sales tax	\$35,000	\$17,000
\$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	\$172,000	\$15,000
Total General Obligation Bonds Indebtedness	\$1,227,000	\$120,000
Revenue Bonds:		
\$713,000 Sewer Revenue Bonds, dated February 23, 2018, due in annual installments of \$16,000 to \$57,000, through August 2034; interest is at 3.25% per annum; paid semi-annually on March 1st and August 1st of each year; secured by and payable from the proceeds of the sewer utility system. These bonds are a refunding of the 1995 \$1,200,000 Sewer Revenue Bonds, dated February 22, 1995.	\$713,000	\$16,000
\$500,000 Limited Tax Bonds, Series 2016, dated September 1, 2016, due in annual installments of \$22,000 to \$55,000, through September 2028; interest at 1.225% to 2.450% 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.	\$478,000	\$22,000
Total Revenue Bond Indebtedness	\$1,191,000	\$38,000

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:

Year Ending 30-Jun	Government-type Activities		
	General Obligation Bonds		
	Principal Payments	Interest Payments	Total
2019	\$120,000	\$27,952	\$147,952
2020	\$124,000	\$25,440	\$149,440
2021	\$110,000	\$22,843	\$132,843
2023	\$112,000	\$20,260	\$132,260
2024	\$116,000	\$17,604	\$133,604
2024-2028	\$645,000	\$40,168	\$685,168
	\$1,227,000	\$154,267	\$1,381,267

Year Ending 30-Jun	Business-type Activities		
	Revenue Bonds		
	Principal Payments	Interest Payments	Total
2019	\$38,000	\$31,627	\$69,627
2020	\$59,000	\$31,794	\$90,794
2021	\$80,000	\$29,942	\$109,942
2022	\$83,000	\$27,781	\$110,781
2023	\$86,000	\$25,539	\$111,539
2024-2028	\$471,000	\$91,514	\$562,514
2029-2033	\$317,000	\$31,777	\$348,777
2034-2035	\$57,000	\$926	\$57,926
	\$1,191,000	\$270,900	\$1,461,900

The City of Marksville received funding through the Louisiana Department of Transportation and Development for the relocation of the water and sewer lines due to the Louisiana Highway 1 expansion project. A part of the funding is a grant and the remainder is a 0% interest loan. The project was completed as of June 30, 2015 and the final amount of the loan is \$232,952. Repayment terms have been set at no interest and payable over 10 years, the first installment being due in December 2018 in the amount of \$23,295.

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, 2018 totaled \$1,563,108.

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, 2018 totaled \$781,554.

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. The bonds were refinanced in October 2017, in the amount of \$1,020,000 Bond Issue, with the same dedications. This resolution requires that the avails of the proceeds of the ½ % Sales Tax be dedicated to constructing, acquiring, extending and improving streets.

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 2017 issue of \$1,020,000 Sales Tax Bonds requires that transfers should be made into the Sales Tax Bond Sinking Fund in an amount equal to 1/12 of the total amount of principal and interest falling due in the ensuing year. For the fiscal year ended June 30, 2018, the City made all required transfers to this fund. At June 30, 2018, the balance in the Sinking Fund was \$75,722.

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, 2018 totaled \$781,554.

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, 2018 totaled \$216,715. 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

The 1995 Sewer Revenue Bonds were refunded during the fiscal year ended June 30, 2018, with the \$713,000 Sewer Revenue Refunding Bonds, Series 2018. 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 20th day of each month, the principal and interest accruing due each month to equal a sum of the amount due on the next principal and interest payment date. During the fiscal year ended June 30, 2018, the City of Marksville made all required transfers to this fund.
3. To establish a Sewer Depreciation and Contingency Fund to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the System, and to transfer thereto, no later than the 20th day of each month, the sum equal to 5% of the amount to be paid in the Sinking Fund, until a balance on deposit is equal to \$75,000. If the balance falls below \$75,000, monthly deposits are to re-commence until \$75,000 is on deposit. As of June 30, 2018, all required deposits have been made and the Sewer Depreciation and Contingency Fund totaled \$30,428.

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.

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, 2017 for the various plans follow:

<u>Plan</u>	<u>Plan Status</u>	<u>Employee Contribution Rate</u>	<u>Employer Contribution Rate</u>
Regular Employees and Appellate Law Clerks			
Pre Act 75 (hired before 7/1/2006)	Closed	7.5%	35.8%
Post Act 75 (hired after 6/30/2006)	Open	8.0%	35.8%
Optional Retirement Plan (ORP)			
Pre Act 75 (hired before 7/1/2006)	Closed	7.5%	35.8%
Post Act 75 (hired after 6/30/2006)	Closed	8.0%	35.8%
Legislators	Closed	11.5%	39.1%
Special Legislative Employees	Closed	9.5%	41.1%
Judges hired before 1/1/2011	Closed	11.5%	38.0%
Judges hired after 12/31/2010	Open	13.0%	36.7%
Corrections Primary	Closed	9.0%	31.1%
Corrections Secondary	Closed	9.0%	35.3%
Wildlife Agents	Closed	9.5%	44.8%
Peace Officers	Closed	9.0%	34.3%
Alcohol Tobacco Control	Closed	9.0%	30.7%
Bridge Police	Closed	8.5%	34.2%
Hazardous Duty	Open	9.5%	36.1%

The agency's contractually required composite contribution rate for the year ended June 30, 2017 was 35.8% 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 \$4,935 for the year ended June 30, 2018.

At June 30, 2018, the Employer reported a liability of \$49,413 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 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, 2017, the Agency's proportion was .000070%, which was the same rate as of the prior year ended June 30, 2016.

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, 2018, 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, 2018, the Agency reported \$39,488 of deferred outflows of resources and \$17,654 of deferred inflows of resources related to the pension plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$0	\$0
Differences between expected and actual experience	195	(907)
Net difference between projected and actual earnings on pension plan investments	1,607	0
Changes in proportion and differences between:		
District contributions and proportionate share of contributions	32,988	(16,747)
District contributions subsequent to the measurement date	4,698	0
Total	\$39,488	(\$17,654)

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

Year Ended:	
2019	\$15,726
2020	\$1,525
2021	\$643
2022	(\$993)

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, 2017, are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	3 years.
Investment Rate of Return	7.70% per annum, net of investment expenses
Inflation Rate	2.75% per annum.
Mortality	Non-disabled members - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.
Salary Increases	Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:

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

Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.
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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 3.25% and an adjustment for the effect of rebalancing/diversification.

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

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	-0.24%
Domestic equity	4.31%
International equity	5.35%
Domestic Fixed Income	1.73%
International Fixed Income	2.49%
Alternative Investments	7.41%
Global Asset Allocation	2.84%
Total	5.26%

Discount Rate

The discount rate used to measure the total pension liability was 7.70%. 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 7.70%, 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 (6.70%) or one percentage-point higher (8.70%) than the current rate:

	<u>1.0% Decrease (6.70%)</u>	<u>Current Discount Rate (7.70%)</u>	<u>1.0% Increase (8.70%)</u>
Employer's proportionate share of the net pension liability	\$62,032	\$49,413	\$38,683

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.

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.

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 41.75%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013, were 31.75% and 10%, respectively. The employer and employee contribution rates for all Non Hazardous Duty members hired after January 1, 2013 were 33.75 and 8.0%, respectively. The employer and employee contribution rates for all members who earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 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, 2018 was 30.75% 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, 2018.

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, 2017 (measurement date), the City reported a liability of \$179,122,045 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 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, 201, the Agency's proportion was .0020517%, which was a decrease of .010535% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Agency recognized pension expense of \$13,125, plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions.

At June 30, 2018, 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	\$12,746	\$0
Differences between expected and actual experience	1,173	(1,377)
Net difference between projected and actual earnings on pension plan investments	7,841	0
Changes in proportion and differences between:		
District contributions and proportionate share of contributions	47,407	(50,258)
District contributions subsequent to the measurement date	<u>13,125</u>	<u>0</u>
Total	<u>\$82,292</u>	<u>(\$51,635)</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)

\$4,089 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, 2018.

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	(\$33,824)
2019	\$4,619
2020	\$25,342
2021	\$9,313

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017, are as follows:

Valuation Date	June 30, 2017	
Actuarial Cost Method	Entry Age Normal	
Inflation Rate	2.70%	
Actuarial Assumptions:		
Expected Remaining Service Lives	4 Years	
Investment Rate of Return	7.325% net of investment expense.	
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.	
	RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.	
	RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.	
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential increases not yet authorized by the Board of Trustees.	
Salary Increases, including inflation (3%) and merit	Years of Service	Salary Growth Rate
	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 7.325%. 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 8.19% for the year ended June 30, 2017.

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2017 are summarized in the following table:

	June 30, 2017	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	21%	52.00%
Equity	53%	3.66%
Alternatives	20%	1.10%
Other	6%	16.00%
Total	100%	5.44%
Inflation		2.75%
Expected Nomial Return		8.19%

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:

	1.0% Decrease (6.325%)	Current Discount Rate (7.325%)	1.0% Increase (8.325%)
Employer's proportionate share of the net pension liability	\$247,474	\$179,122	\$121,779

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.

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.

The City of Marksville does not have any full-time firefighters participating in the retirement system and as of June 30, 2018 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 for an additional 25 years. Fees are payable quarterly within thirty (30) days of the end of the quarter.

B. Entex, a Division of Arkla, Inc.

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

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

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

D. BellSouth Telecommunications Inc.

This agreement is effective January 1, 2002 for a period of twenty (20) years. The franchise fee is based on five percent (5%) of the gross receipts from local exchange telephone service provided by BellSouth Telecommunications Inc within the limits of the City of Marksville. Fees for the calendar year are payable quarterly by the 30th 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 30th day following the end of the quarter. The agreement renewed with similar terms in 2016.

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

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 10th 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, 2018.

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, 2018, 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.

15. Subsequent Events

Subsequent events were evaluated through December 7, 2018, 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, 2018, as follows:

	Sewer Fund	Water Fund	Total Enterprise Funds
Operating Revenues	\$604,404	\$1,158,294	\$1,762,698
	604,404	1,158,294	1,762,698
Depreciation	335,034	184,595	519,629
Operating Expenses	759,680	1,240,464	2,000,144
Total Operating expenses	1,094,714	1,425,059	2,519,773
Operating income (loss)	(\$490,310)	(\$266,765)	(\$757,075)

17. Interfund Transactions

A. Internal Balances (Due from/to Other Funds) - There were no internal balances at June 30, 2018.

B. Transfers - Transfers consisted of the following at June 30, 2018:

	Transfers In	Transfers Out
Major Funds:		
General Fund	\$2,522,615	\$0
Special Revenue Funds:		
1% Sales Tax Fund	0	1,426,298
1/2% Sales Tax Fund	183,355	797,366
1/2% Public Safety Sales Tax Fund	0	698,050
Proprietary Fund:		
Sewer Utility Fund	265,000	117,828
Water Utility Fund	143,000	81,053
Nonmajor Funds:		
Debt Service Funds:		
Street Improvement Bond	127,500	49,000
Capital Projects Fund:		
Capital Outlay Projects Fund	111,480	183,355
	\$3,352,950	\$3,352,950

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, 2018 follows:

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

**REQUIRED
SUPPLEMENTARY INFORMATION**

**CITY OF MARKSVILLE, LOUISIANA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget As Amended</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>REVENUES</u>				
Taxes	\$231,000	\$230,722	\$230,795	\$73
Franchise Fees	179,000	162,000	160,297	(1,703)
Licenses and permits	352,000	343,000	344,842	1,842
Intergovernmental	158,350	155,480	155,340	(140)
Fines and forfeits	12,000	4,200	3,875	(325)
Miscellaneous	<u>128,650</u>	<u>116,667</u>	<u>113,307</u>	<u>(3,360)</u>
TOTAL REVENUES	<u>1,061,000</u>	<u>1,012,069</u>	<u>1,008,456</u>	<u>(3,613)</u>
<u>EXPENDITURES</u>				
Current -				
General government	471,840	501,705	510,180	(8,475)
Public Safety:				
Police	1,292,607	1,302,779	1,307,667	(4,888)
Fire	670,800	700,478	679,763	20,715
Beautification	165,750	156,570	159,071	(2,501)
Streets and sidewalks	812,800	887,307	870,428	16,879
Capital outlay	1,000	100,800	125,000	(24,200)
Debt service	<u>37,479</u>	<u>37,479</u>	<u>88,154</u>	<u>(50,676)</u>
TOTAL EXPENDITURES	<u>3,452,276</u>	<u>3,687,117</u>	<u>3,740,262</u>	<u>(53,145)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,391,276)</u>	<u>(2,675,048)</u>	<u>(2,731,805)</u>	<u>(56,758)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Gain on sale of assets	2,000	4,912	3,387	3,387
Proceeds from leases	0	0	125,000	125,000
Operating transfers in	<u>2,410,000</u>	<u>2,508,500</u>	<u>2,522,615</u>	<u>14,115</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,412,000</u>	<u>2,513,412</u>	<u>2,651,002</u>	<u>137,590</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	20,724	(161,636)	(80,803)	<u>\$80,832</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>329,345</u>	<u>329,345</u>	<u>329,345</u>	
FUND BALANCES AT END OF YEAR	<u>\$350,069</u>	<u>\$167,709</u>	<u>\$248,542</u>	

**CITY OF MARKSVILLE, LOUISIANA
1% SALES TAX FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget As Amended	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$1,618,000	\$1,555,011	\$1,563,108	\$8,097
Miscellaneous	600	512	517	5
TOTAL REVENUES	<u>1,618,600</u>	<u>1,555,523</u>	<u>1,563,625</u>	<u>8,102</u>
<u>EXPENDITURES</u>				
Current -				
General government	140,000	130,300	101,167	29,133
Public Safety:				
Streets and sidewalks	0	0	10,300	(10,300)
Capital outlay	155,000	82,700	0	82,700
Debt service	0	0	0	0
TOTAL EXPENDITURES	<u>295,000</u>	<u>213,000</u>	<u>111,467</u>	<u>101,533</u>
Excess (deficiency) of revenues over expenditures	<u>1,323,600</u>	<u>1,342,523</u>	<u>1,452,158</u>	<u>109,636</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers out	<u>(1,320,390)</u>	<u>(1,349,385)</u>	<u>(1,426,298)</u>	<u>76,913</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,320,390)</u>	<u>(1,349,385)</u>	<u>(1,426,298)</u>	<u>(76,913)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	3,210	(6,862)	25,860	<u>\$32,722</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>263,269</u>	<u>263,269</u>	<u>263,269</u>	
FUND BALANCES AT END OF YEAR	<u>\$266,479</u>	<u>\$256,407</u>	<u>\$289,130</u>	

CITY OF MARKSVILLE, LOUISIANA
1/2% SALES TAX FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget As Amended	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$809,000	\$777,505	\$781,554	\$4,048
Miscellaneous	<u>260</u>	<u>0</u>	<u>374</u>	<u>373</u>
TOTAL REVENUES	<u>809,260</u>	<u>777,506</u>	<u>781,928</u>	<u>4,422</u>
<u>EXPENDITURES</u>				
Current -				
General government	0	0	142	(142)
Public Safety:				
Streets and sidewalks	70,000	131,500	73,508	57,992
Capital outlay	3,000	35,800	0	35,600
Debt service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	<u>73,000</u>	<u>167,100</u>	<u>73,650</u>	<u>93,450</u>
Excess (deficiency) of revenues over expenditures	<u>736,260</u>	<u>610,406</u>	<u>708,278</u>	<u>97,872</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	0	183,725	183,355	(370)
Operating transfers out	<u>(724,615)</u>	<u>(717,703)</u>	<u>(797,366)</u>	<u>79,663</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(724,615)</u>	<u>(533,978)</u>	<u>(614,011)</u>	<u>(80,033)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	11,645	76,428	94,267	<u>\$17,839</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>161,186</u>	<u>161,186</u>	<u>161,186</u>	
FUND BALANCES AT END OF YEAR	<u>\$172,831</u>	<u>\$237,613</u>	<u>\$255,452</u>	

**CITY OF MARKSVILLE, LOUISIANA
1/2% PUBLIC SAFETY SALES TAX FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget As Amended	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$809,000	\$777,505	\$781,554	\$4,048
Miscellaneous	0	20,459	23,747	3,288
TOTAL REVENUES	809,000	797,965	805,301	7,337
<u>EXPENDITURES</u>				
Current -				
General government	0	0	112	(112)
Public Safety:				
Police	0	10,734	10,734	(0)
Fire	0	23,592	30,043	(6,451)
Capital outlay	60,000	128,576	4,776	123,800
Debt service	18,641	18,659	18,659	0
TOTAL EXPENDITURES	78,641	181,561	64,324	117,237
Excess (deficiency) of revenues over expenditures	730,359	616,403	740,977	124,574
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers out	(700,000)	(720,002)	(698,052)	21,950
TOTAL OTHER FINANCING SOURCES (USES)	(700,000)	(720,002)	(698,052)	21,950
Excess (deficiency) of revenues over expenditures and other sources (uses)	30,359	(103,599)	42,925	<u>\$146,524</u>
FUND BALANCES AT BEGINNING OF YEAR	119,027	119,027	119,027	
FUND BALANCES AT END OF YEAR	<u>\$149,386</u>	<u>\$15,428</u>	<u>\$161,952</u>	

**CITY OF MARKSVILLE, LOUISIANA
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018**

Fiscal Year*	Agency's proportion of the net pension liability (asset)	Agency's proportionate share of the net pension liability (asset)	Agency's covered payroll	Agency's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
Louisiana State Employees' Retirement System (LASERS)					
2018	0.070000%	\$49,413	\$12,362	399%	62.50%
2017	0.070000%	\$54,811	\$12,362	443%	57.70%
2016	0.000000%	\$0	\$0	0%	0.00%
2015	0.069000%	\$42,957	\$12,362	347%	65.00%
Municipal Police Employees' Retirement System (LAMPERS)					
2018	0.020517%	\$179,122	\$61,250	292%	70.01%
2017	0.031052%	\$291,045	\$81,461	360%	66.04%
2016	0.031702%	\$248,352	\$84,937	305%	70.73%
2015	0.032297%	\$202,053	\$84,800	238%	75.10%
Louisiana Firefighters' Retirement System (FRS)					
2018	0.000000%	\$0	\$0	0%	0.00%
2017	0.000000%	\$0	\$0	0%	0.00%
2016	0.000000%	\$0	\$0	0%	0.00%
2015	0.000000%	\$0	\$0	0%	0.00%

*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

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

Street Improvement Bonds

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

NONMAJOR CAPITAL PROJECTS FUND

Capital Outlay Fund

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

**CITY OF MARKSVILLE, LOUISIANA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018**

	Debt Service Funds	Capital Outlay Fund	Total Non-Major Governmental Funds
<u>ASSETS</u>			
Cash and Cash Equivalents	\$0	\$11,248	\$11,248
Interest bearing deposits	88,946	65,000	153,946
TOTAL ASSETS	<u>88,946</u>	<u>76,248</u>	<u>165,194</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Contracts payable	\$0	\$27,164	\$27,164
TOTAL LIABILITIES	<u>0</u>	<u>27,164</u>	<u>27,164</u>
<u>FUND BALANCES</u>			
Restricted	88,946	0	88,946
Committed	0	49,084	49,084
Total fund balances	88,946	49,084	138,030
TOTAL LIABILITIES AND FUND BALANCES	<u>88,946</u>	<u>76,248</u>	<u>165,194</u>

**CITY OF MARKSVILLE, LOUISIANA
COMBING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Debt Service Funds	Capital Outlay Fund	Total Non-Major Governmental Funds
REVENUES			
Intergovernmental revenues	\$0	\$27,653	\$27,653
Miscellaneous	361	294	655
TOTAL REVENUES	361	27,946	28,307
EXPENDITURES			
Capital outlay	0	135,211	135,211
Debt service -			
Principal retirement	325,000	0	325,000
Interest	41,334	0	41,334
Other	34,872	0	34,872
TOTAL EXPENDITURES	401,206	135,211	536,417
Excess (deficiency) of revenues over expenditures	(400,845)	(107,265)	(508,110)
OTHER FINANCING SOURCES (USES)			
Proceeds from bond issuance	1,020,000	0	(1,020,000)
Payments to Escrow Agent for Refunding Debt	(1,020,000)	0	(1,020,000)
Operating transfers in	127,502	111,480	238,982
Operating transfers out	(49,000)	(183,355)	(232,355)
TOTAL OTHER FINANCING SOURCES (USES)	78,502	(71,875)	6,627
Excess (deficiency) of revenues over expenditures and other sources (uses)	(322,343)	(179,140)	(501,483)
FUND BALANCES AT BEGINNING OF YEAR	411,288	228,224	639,513
FUND BALANCES AT END OF YEAR	\$88,946	\$49,084	\$138,030

**CITY OF MARKSVILLE, LOUISIANA
 COMBINING BALANCE SHEET
 NON-MAJOR DEBT SERVICE FUNDS
 JUNE 30, 2018**

	Public Safety Bonds	Street Improve- ment Bonds	Totals Non-Major Debt Service Funds
<u>ASSETS</u>			
Interest bearing deposits	\$13,115	\$75,831	\$88,946
TOTAL ASSETS	13,115	75,831	88,946
 <u>LIABILITIES AND FUND BALANCES</u>			
Due to other funds	0	0	0
TOTAL LIABILITIES	0	0	0
 <u>FUND BALANCES</u>			
Restricted	13,115	75,831	88,946
TOTAL LIABILITIES AND FUND BALANCES	\$13,115	\$75,831	\$88,946

**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, 2018**

	Public Safety Bonds	Street Improve- ment Bonds	Total Non-Major Debt Service Funds
REVENUES			
Miscellaneous	\$20	\$341	\$361
TOTAL REVENUES	<u>20</u>	<u>341</u>	<u>361</u>
EXPENDITURES			
Debt service -			
Prinicpal retirement	0	325,000	325,000
Interest	0	41,334	41,334
Other	0	34,872	34,872
TOTAL EXPENDITURES	<u>0</u>	<u>401,206</u>	<u>401,206</u>
Excess (deficiency) of revenues over expenditures	<u>20</u>	<u>(400,864)</u>	<u>(400,845)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from bond issuance	0	1,020,000	(1,020,000)
Payments to Escrow Agent for Refunding Debt	0	(1,020,000)	(1,020,000)
Operating transfers in	2	127,500	127,502
Operating transfers out	0	(49,000)	(49,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>2</u>	<u>78,500</u>	<u>78,502</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	22	(322,364)	(322,343)
FUND BALANCES AT BEGINNING OF YEAR	<u>13,093</u>	<u>398,195</u>	<u>411,288</u>
FUND BALANCES AT END OF YEAR	<u>\$13,115</u>	<u>\$75,831</u>	<u>\$88,946</u>

OTHER FINANCIAL INFORMATION

**CITY OF MARKSVILLE, LOUISIANA
SCHEDULE OF NUMBER OF UTILITY CUSTOMERS
JUNE 30, 2018**

Records maintained by the City of Marksville indicated the following number of customers were being serviced during the months of June 2018 and June 2017:

<u>Department</u>	<u>2018</u>	<u>2017</u>
Water:		
Commercial	341	338
Residential	<u>2,205</u>	<u>2,194</u>
Total	<u><u>2,546</u></u>	<u><u>2,532</u></u>
Sewerage:		
Commerical	318	318
Residential	<u>1,996</u>	<u>1,966</u>
Total	<u><u>2,314</u></u>	<u><u>2,284</u></u>

See independent auditors' report.

**CITY OF MARKSVILLE
SCHEDULE OF INSURANCE IN FORCE
JUNE 30, 2018**

<u>Description of Coverage</u>	<u>Asset Covered</u>	<u>Insurance Company</u>	<u>Policy Number</u>	<u>Expiration Date</u>
Workers Compensation	Employees	LWCC	163785-S	10/21/2018
Fire	Fire Station	VFIS	VFIS-TR-2050513-11	1/1/2019
	Auto	VFIS	VFIS-CM-1050338-11	1/1/2019
Auto Liability	Fleet	LA Municipal Risk Asso	100-0346-14950	1/1/2019
Blanket Bond	Mayor	Western Surety	54703433	7/1/2019
	City Secretary/Clerk	Western Surety	54703437	7/1/2019
	Mayor Pro-Temp	Western Surety	54941152	7/1/2019
	Police Chief	Western Surety	54703439	7/1/2019
	Payroll Clerk	Western Surety	54703436	7/1/2019
	Waterworks Clerk	Western Surety	71064330	Upon Termination
	City of Marksville	Western Surety	12395480	Indefinite Years
Building	City Hall	1st Insurance Marksville	MP1177163	6/21/2019
	Police Station		MP1177163	6/21/2019
	Street Department		MP1177163	6/21/2019
	DA Jordan Complex		MP1177163	6/21/2019
	Hypolite Bordelon		CPS2849798	6/21/2019
	Sewer Department		MP1177163	6/21/2019
	Water Department		MP1177163	6/21/2019
Building	Mary Bethune Gym	Delta Insurance	PES005715	3/9/2019

See independent auditors' report.

**CITY OF MARKSVILLE
SCHEDULE OF MAYOR AND BOARD OF ALDERMAN
JUNE 30, 2018**

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

See independent auditors' report.

CITY OF MARKSVILLE

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

**JUNE 30, 2018
(Without Audit)**

Agency Head: John Lemoine, Mayor

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

See independent auditors' report.

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marksville, Louisiana as of and for the year ended June 30, 2018, 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 7, 2018.

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. However, material weaknesses may exist that have not been identified.

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.

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 7, 2018

**CITY OF MARKSVILLE, LOUISIANA
Schedule of Findings and Responses
For the Year Ended June 30, 2018**

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 No

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

None

B. Compliance Findings

None

CITY OF MARKSVILLE, LOUISIANA
Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2018

Ref. No	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/ Partial Corrective Action Taken
2017-01	June 30, 2017	Effective Internal Control Over Bank Accounts and Related Receipts and Disbursements	Yes	Corrected - Reviewed policies with personnel and administration Incorporated new controls City Wide

CITY OF MARKSVILLE, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES REPORT
JUNE 30, 2018

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, 2017 through June 30, 2018. 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: This area was tested again this year due to the lack of formal, written and adopted policies in all areas with the exception of payroll and personnel. As of the date of this report, policies have been written and presented to the City Administration for review and adoption, but have not been formally adopted.

Management's Response: City administration has the drafted written policies and procedures and is currently reviewing them and will adopt them when the review process is completed.

Board (or Finance Committee, if applicable)

2. Obtain and review the council minutes for the fiscal period, and:

- a) Report whether the managing council met (with a quorum) at least monthly, or on a frequency in accordance with the council's enabling legislation, charter, or other equivalent document.

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: Monthly Budget comparisons are reviewed with Council and Mayor; however the reports are not referred to in the minutes.

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

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

Results: No exceptions noted.

Bank Reconciliations

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

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

Collections

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

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

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

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

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

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

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

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

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

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

The listing was provided by management.

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

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

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

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

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

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

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

Contracts

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

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

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

Payroll and Personnel

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

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

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.
25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

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

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

Debt Service (excluding nonprofits)

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

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

Other

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.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: The notice required by RS 24:523.1 is posted on premises and also on the City's website. No exceptions noted.

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 7, 2018