

CITY OF MARKSVILLE, LOUISIANA

Financial Report

Year Ended June 30, 2021

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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, 2021, 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.

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, 2021, 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 and pension plan schedules on pages 61 through 67 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 71-78 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 June 7, 2022 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

June 7, 2022

BASIC FINANCIAL STATEMENTS

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

CITY OF MARKSVILLE, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash	\$981,186	\$256,375	\$1,237,561
Interest bearing deposits	281,444	233,636	515,080
Receivables:			
Franchise receivables	29,858	0	29,858
Utility and other receivables	33,632	172,403	206,035
Due from governmental units	437,049	0	437,049
Inventory	0	96,925	96,925
Total current assets	<u>1,763,169</u>	<u>759,339</u>	<u>2,522,508</u>
Non-Current Assets:			
Restricted assets:			
Cash	0	350,795	350,795
Interest bearing deposits	0	279,127	279,127
Capital assets, net of accumulated depreciation	3,198,611	9,122,346	12,320,957
Total non-current assets	<u>3,198,611</u>	<u>9,752,268</u>	<u>12,950,879</u>
TOTAL ASSETS	<u>\$4,961,780</u>	<u>\$10,511,607</u>	<u>\$15,473,387</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$39,140</u>	<u>\$0</u>	<u>\$39,140</u>
LIABILITIES AND FUND EQUITY			
Current Liabilities:			
Accounts payable	\$107,943	\$58,221	\$166,164
Accrued expenses	108,512	0	108,512
Capital lease payable	45,705	0	45,705
Indebtedness payable	212,000	0	212,000
Payable from restricted assets:			
Bonds payable	0	83,000	83,000
Accrued interest payable	0	11,168	11,168
Total current liabilities	<u>474,160</u>	<u>152,389</u>	<u>626,549</u>
Non-current Liabilities:			
Due to other governments	0	209,657	209,657
Capital leases payable	86,652	0	86,652
Bonds payable	761,000	931,000	1,692,000
Compensated absences	31,637	16,036	47,673
Net pension liability	189,440	0	189,440
Payable from restricted assets:			
Customer deposits	0	451,124	451,124
Total non-current liabilities	<u>1,068,729</u>	<u>1,607,817</u>	<u>2,676,546</u>
Total Liabilities	<u>1,542,889</u>	<u>1,760,205</u>	<u>3,303,094</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$31,250</u>	<u>\$0</u>	<u>\$31,250</u>
NET POSITION			
Investment in capital assets, net of related debt	2,193,254	8,191,347	10,384,601
Restricted for:			
Debt service	88,414	84,630	173,044
Sales tax dedications	1,191,588	0	1,191,588
Unrestricted	<u>(46,476)</u>	<u>475,425</u>	<u>428,949</u>
TOTAL NET POSITION	<u>\$3,426,780</u>	<u>\$8,751,401</u>	<u>\$12,178,183</u>

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

CITY OF MARKSVILLE, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Net Revenue (Expenses) and Changes in Net Assets					
	Expenses	Fees, Fines, Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	
ACTIVITIES						
Governmental activities:						
General government	\$547,031	\$357,378	\$0	\$(189,653)	\$0	\$(189,653)
Public Safety:						
Police	1,321,072	2,701	0	(1,318,371)	0	(1,318,371)
Fire	677,525	0	108,697	(568,827)	0	(568,827)
Streets, drainage & beautification	1,058,048	0	8,800	(1,049,248)	0	(1,049,248)
Interest on long-term debt	26,176	0	0	(26,176)	0	(26,176)
Total Governmental Activities	<u>3,629,851</u>	<u>360,079</u>	<u>117,497</u>	<u>(3,152,275)</u>	<u>0</u>	<u>(3,152,275)</u>
Business-type activities:						
Water	1,423,337	1,261,364	0	0	(161,972)	(161,972)
Sewer	914,748	643,657	0	0	(271,091)	(271,091)
Total Business Type Activities	<u>2,338,085</u>	<u>1,905,021</u>	<u>0</u>	<u>0</u>	<u>(433,064)</u>	<u>(433,064)</u>
Total City of Marksville	<u>5,967,936</u>	<u>2,265,100</u>	<u>117,497</u>	<u>(3,152,275)</u>	<u>(433,064)</u>	<u>(3,585,338)</u>
GENERAL REVENUES						
Taxes:						
Property taxes, levied for general government				240,614	0	240,614
Sales and Use tax, levied for general government				2,985,949	0	2,985,949
Franchise taxes				161,409	0	161,409
Grants and contributions not restricted to specific programs:						
Intergovernmental revenues				38,732	0	38,732
Gaming taxes				14,931	0	14,931
Interest and investment earnings				1,982	8,180	10,162
Sale of fixed assets				(4,882)	527	(4,354)
Miscellaneous				294,988	0	294,988
Transfers, net				(91,943)	91,942	(0)
Total general items and transfers				<u>3,641,780</u>	<u>100,650</u>	<u>3,742,430</u>
Change in net position				489,506	(332,414)	157,092
Net position, beginning of year				<u>2,937,275</u>	<u>9,083,816</u>	<u>12,021,092</u>
Net position, end of year				<u>\$3,426,780</u>	<u>\$8,751,401</u>	<u>\$12,178,183</u>

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, 2021

	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
ASSETS						
Cash	\$213,659	\$336,452	\$170,033	\$228,760	\$32,281	\$981,186
Interest bearing deposits	2,660	88,370	37,000	0	153,414	281,444
Receivables						
Franchise receivables	29,858	0	0	0	0	29,858
Other receivables	33,564	0	68	0	0	33,632
Due from government agencies	101,829	167,610	83,805	83,805	0	437,049
Due from other funds	0	279,944	0	0	0	279,944
TOTAL ASSETS	\$381,569	\$872,376	\$290,906	\$312,565	\$185,695	\$2,043,112
LIABILITIES						
Accounts payable	\$103,628	\$2,158	\$1,079	\$1,079	\$0	\$107,943
Accrued expenses	59,308	0	0	0	0	59,308
Due to other funds	0	0	139,972	139,972	0	279,944
TOTAL LIABILITIES	162,936	2,158	141,051	141,051	0	447,195
FUND BALANCES						
Restricted	0	870,218	149,855	171,514	88,414	1,280,002
Committed	0	0	0	0	97,281	97,281
Unassigned	218,633	0	0	0	0	218,633
Total fund balances	218,633	870,218	149,855	171,514	185,695	1,595,917
TOTAL LIABILITIES AND FUND BALANCE	\$381,569	\$872,376	\$290,906	\$312,565	\$185,695	\$2,043,112

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, 2021**

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

Total fund balances for governmental funds at June 30, 2021		\$1,595,917
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	\$7,858,327	
Less: accumulated depreciation	<u>(4,659,716)</u>	3,198,611
Liabilities not due and payable in the current period and therefore are not reported in the fund financial statements at June 30, 2021:		
Deferred outflows of resources	39,140	
Indebtedness payable	(973,000)	
Capital leases payable	(132,357)	
Accrued interest payable	(8,506)	
Net pension liability	(189,440)	
Deferred inflows of resources	(31,250)	
Compensated absences payable	<u>(72,335)</u>	(1,367,748)
Total net position of governmental activities at June 30, 2021		<u><u>\$3,426,780</u></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, 2021

	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	\$248,776	\$1,488,893	\$744,447	\$744,447	\$0	\$3,226,563
Franchise fees	161,409	0	0	0	0	161,409
Licenses and permits	357,378	0	0	0	0	357,378
Intergovernmental	171,160	0	0	0	0	171,160
Fines and forfeits	2,701	0	0	0	0	2,701
Miscellaneous	<u>290,276</u>	<u>825</u>	<u>405</u>	<u>803</u>	<u>712</u>	<u>293,022</u>
TOTAL REVENUES	<u>1,231,700</u>	<u>1,489,719</u>	<u>744,852</u>	<u>745,250</u>	<u>712</u>	<u>4,212,233</u>
EXPENDITURES						
Current -						
General government	449,032	42,226	11,030	11,030	0	513,317
Public Safety:						
Police	1,267,170	0	0	0	0	1,267,170
Fire	605,710	0	0	0	0	605,710
Beautification	133,409	0	0	0	0	133,409
Streets and sidewalks	800,324	0	35,752	0	0	836,076
Capital outlay	10,900	0	0	0	0	10,900
Debt service	<u>71,002</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>111,786</u>	<u>182,787</u>
TOTAL EXPENDITURES	<u>3,337,546</u>	<u>42,226</u>	<u>46,782</u>	<u>11,030</u>	<u>111,786</u>	<u>3,549,369</u>
Excess (deficiency) of revenues over expenditures	<u>(2,105,846)</u>	<u>1,447,493</u>	<u>698,070</u>	<u>734,220</u>	<u>(111,074)</u>	<u>662,864</u>
OTHER FINANCING SOURCES (USES)						
Gain on sale of assets	977	0	0	0	0	977
Proceeds from debt issuance	100,000	0	0	0	0	100,000
Operating transfers in	2,089,872	0	15,000	0	123,954	2,228,825
Operating transfers out	<u>(50,000)</u>	<u>(888,362)</u>	<u>(695,639)</u>	<u>(686,767)</u>	<u>0</u>	<u>(2,320,768)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,140,849</u>	<u>(888,362)</u>	<u>(680,639)</u>	<u>(686,767)</u>	<u>123,954</u>	<u>9,035</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	35,003	559,131	17,431	47,453	12,880	671,898
FUND BALANCES AT BEGINNING OF YEAR	<u>183,630</u>	<u>311,087</u>	<u>132,424</u>	<u>124,061</u>	<u>172,815</u>	<u>924,019</u>
FUND BALANCES AT END OF YEAR	<u>\$218,633</u>	<u>\$870,218</u>	<u>\$149,855</u>	<u>\$171,514</u>	<u>\$185,695</u>	<u>\$1,595,917</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, 2021**

Total net changes in fund balances for year ended June 30, 2021 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$671,898
 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	10,900	
Disposition of fixed assets	(6,853)	
Depreciation expense for the year ended June 30, 2021	<u>(232,209)</u>	(228,162)
 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	(100,000)	
Bonded debt repayments	<u>110,000</u>	10,000
 Governmental funds report capital lease payments as expenditures. However, this expenditure does not appear in the statement of activities.		
Principal paid on capital lease in governmental funds	<u>44,058</u>	44,058
 Change in net pension expense resulting from pension obligation requiring the use of current economic resources.		
		(1,836)
 Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis.		
		2,553
 Excess of compensated absences earned over compensated absences taken.		
		<u>(9,004)</u>
 Change in net position of governmental activities		 <u>\$489,506</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, 2021

	<u>Sewer Utility System</u>	<u>Water Utility System</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents	\$87,247	\$169,128	\$256,375
Investments	88,542	145,094	233,636
Receivables:			
Utility and other receivables	56,378	116,024	172,403
Inventory	45,147	51,778	96,925
Total current assets	<u>277,314</u>	<u>482,025</u>	<u>759,339</u>
Non-Current Assets:			
Restricted assets:			
Cash and cash equivalents	140,886	209,909	350,795
Investments	89,127	190,000	279,127
Capital assets, net of accumulated depreciation	6,493,655	2,628,691	9,122,346
Total non-current assets	<u>6,723,668</u>	<u>3,028,600</u>	<u>9,752,268</u>
TOTAL ASSETS	<u>\$7,000,982</u>	<u>\$3,510,624</u>	<u>\$10,511,607</u>
<u>LIABILITIES AND FUND EQUITY</u>			
Current Liabilities:			
Accounts payable	\$50,645	\$7,575	\$58,221
Payable from restricted assets:			
Bonds payable	40,000	43,000	83,000
Accrued interest payable	8,265	2,903	11,168
Total current liabilities	<u>98,911</u>	<u>53,478</u>	<u>152,389</u>
Non-current Liabilities:			
Due to other governments	209,657	0	209,657
Bonds payable	583,000	348,000	931,000
Compensated absences	9,487	6,549	16,036
Payable from restricted assets:			
Customer deposits	132,022	319,103	451,124
Total non-current liabilities	<u>934,165</u>	<u>673,652</u>	<u>1,607,817</u>
Total Liabilities	<u>1,033,075</u>	<u>727,130</u>	<u>1,760,205</u>
NET POSITION			
Investment in capital assets, net of related debt	5,910,655	2,280,692	8,191,347
Restricted for debt service	49,727	34,903	84,630
Unrestricted	7,526	467,899	475,425
TOTAL NET POSITION	<u>\$5,967,907</u>	<u>\$2,783,495</u>	<u>\$8,751,401</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, 2021**

	<u>Sewer Utility System</u>	<u>Water Utility System</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Charges for services	<u>\$643,657</u>	<u>\$1,261,364</u>	<u>\$1,905,021</u>
TOTAL OPERATING REVENUES	<u>643,657</u>	<u>1,261,364</u>	<u>1,905,021</u>
<u>OPERATING EXPENSES</u>			
Salaries	181,017	210,785	391,803
Payroll taxes	13,170	15,965	29,134
Depreciation	317,760	191,455	509,215
Water purchases	0	789,846	789,846
Repairs and supplies	217,205	83,070	300,276
Insurance	20,275	20,172	40,448
Office expense	998	21,965	22,963
Professional fees	6,412	36,584	42,996
Fuel	7,618	13,945	21,563
Lab tests & DEQ fees	40,934	8,456	49,390
Utilities and telephone	86,118	16,443	102,561
Miscellaneous	<u>2,880</u>	<u>5,869</u>	<u>8,750</u>
TOTAL OPERATING EXPENSES	<u>894,388</u>	<u>1,414,556</u>	<u>2,308,943</u>
OPERATING INCOME (LOSS)	<u>(250,731)</u>	<u>(153,192)</u>	<u>(403,922)</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Gain on sale of assets	0	527	527
Interest income	1,065	7,115	8,180
Interest expense	<u>(20,361)</u>	<u>(8,781)</u>	<u>(29,142)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(19,296)</u>	<u>(1,139)</u>	<u>(20,434)</u>
Income (loss) before operating transfers	<u>(270,026)</u>	<u>(154,330)</u>	<u>(424,356)</u>
<u>OPERATING TRANSFERS IN (OUT):</u>			
Operating transfers in	199,717	21,500	221,217
Operating transfers out	<u>(122,490)</u>	<u>(6,785)</u>	<u>(129,275)</u>
TOTAL OPERATING TRANSFERS	<u>77,227</u>	<u>14,715</u>	<u>91,942</u>
NET INCOME (LOSS)	<u>(192,799)</u>	<u>(139,615)</u>	<u>(332,414)</u>
NET POSITION AT BEGINNING OF YEAR	<u>6,160,707</u>	<u>2,923,109</u>	<u>9,083,816</u>
NET POSITION AT END OF YEAR	<u>\$5,967,907</u>	<u>\$2,783,495</u>	<u>\$8,751,401</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, 2021**

	Sewer Utility System	Water Utility System	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$641,714	\$1,246,169	\$1,887,883
Payments to suppliers	(358,472)	(1,000,020)	(1,358,492)
Payments to employees for salaries and benefits	(199,637)	(228,292)	(427,929)
Net cash provided by operating activities	<u>83,605</u>	<u>17,857</u>	<u>101,462</u>
Cash flows from noncapital financing activities:			
Cash received from other funds	199,717	21,500	221,217
Cash paid to other funds	(122,490)	(6,785)	(129,275)
Net cash provided by/ (used) for noncapital financing activities	<u>77,227</u>	<u>14,715</u>	<u>91,942</u>
Cash flows from capital and related financing activities:			
Principal paid on capital debt	(38,000)	(42,000)	(80,000)
Interest paid on capital debt	(20,360)	(8,781)	(29,141)
Proceeds from sale of capital assets	0	527	527
Purchase of capital assets	(130,966)	0	(130,966)
Increase (decrease) in net meter deposits	6,616	8,511	15,127
Net cash provided by/(used) for capital and related financing activities	<u>(182,710)</u>	<u>(41,743)</u>	<u>(224,453)</u>
Cash flows from investing activities:			
Interest received from interest bearing deposits	1,065	7,115	8,180
Net cash provided by/(used) for investing activities	<u>1,065</u>	<u>7,115</u>	<u>8,180</u>
Net increase (decrease) in cash and cash equivalents	(20,813)	(2,056)	(22,869)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>426,615</u>	<u>716,187</u>	<u>1,142,803</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$405,802</u>	<u>\$714,131</u>	<u>\$1,119,933</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$(250,731)	\$(153,192)	\$(403,923)
Depreciation	317,760	191,455	509,215
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(1,943)	(15,195)	(17,138)
(Increase) decrease in inventory	(9,448)	(2,652)	(12,100)
Increase (decrease) in accounts payable	23,969	(721)	23,248
Increase (decrease) in accrued liabilities	3,998	(1,838)	2,160
Net cash provided by/(used) for operating activities	<u>\$83,605</u>	<u>\$17,857</u>	<u>\$101,462</u>

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

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements June 30, 2021

INTRODUCTION

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

1. Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

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

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

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

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

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

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

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

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

B. Basis of Presentation

Government – Wide Financial Statements (GWFS)

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

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

CITY OF MARKSVILLE, LOUISIANA

Notes to Basic Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Fund Financial Statements

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

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

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

The major funds of the City are described below:

Governmental Funds

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

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

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

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

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

1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Proprietary Funds

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

Additionally, the City reports the following fund types:

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

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

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

C. Measurement/Focus Basis of Accounting

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

Measurement Focus

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

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

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus/Basis of Accounting (continued)

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

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

Basis of Accounting

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity

Cash and interest-bearing deposits

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

Internal balances - Interfund receivables and payables

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

Receivables

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

Inventories

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or fund financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold of \$1,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity (continued)

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

Buildings	40 years
Equipment	5 years
Utility system improvements	20-40 years
Infrastructure	20 years

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

Restricted Assets

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

Long-term debt

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of revenue bonds payable and utility meter deposits payable.

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

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

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity (continued)

Compensated absences

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

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

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

Equity Classifications

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.” In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

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

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity (continued)

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

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

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

Committed – Fund balance that can only be used for specific purposes determined by the City’s highest level of decision making authority. Committed amounts cannot be 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.

As of June 30, 2021, fund balances are composed of the following:

	General	1% Sales	1/2% Sales	1/2% Public Safety Sales	Nonmajor	Total
	Fund	Tax Fund	Tax Fund	Tax Fund	Funds	
Nonspendable	\$0	\$0	\$0	\$0	\$0	\$0
Restricted for:						
Sales tax dedications	0	870,218	149,855	171,514	0	1,276,526
Debt service	0	0	0	0	88,414	88,414
Total restricted	0	870,218	149,855	171,514	88,414	1,280,001
Committed to:						
Capital projects	0	0	0	0	97,281	97,281
Assigned	0	0	0	0	0	0
Unassigned	218,633	0	0	0	0	218,633
Total	\$218,633	\$870,218	\$149,855	\$171,514	\$185,695	\$1,595,917

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

1. Summary of Significant Accounting Policies (continued)

E. Revenues, Expenditures and Expenses

Operating Revenues and Expenses

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

Expenditures/Expenses

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

In the fund financial statements, expenditures are classified as follows:

Government Funds – By Character

Proprietary Funds – By Operating and Nonoperating

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

Interfund Transfers

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

F. Revenue Restrictions

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

<u>Revenue Service</u>	<u>Legal Restrictions of Use</u>
Sales Tax	See Note 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.

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

1. Summary of Significant Accounting Policies (continued)

G. Budget and Budgetary Accounting

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

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

H. Capitalization of Interest Expense

It is the policy of the City of Marksville to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. No interest was capitalized for the year ended June 30, 2021.

I. Use of Estimates

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

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

2. Cash and Interest-Bearing Deposits

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principle offices in Louisiana.

At June 30, 2021, the City had cash and interest-bearing deposits (book balances) totaling \$2,382,563, as follows:

Demand deposits - non interest bearing	\$1,588,356
Money market accounts, certificates of deposit, and interest bearing accounts	794,207
	<u>\$2,382,563</u>

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

At June 30, 2021, the City's deposit balance (bank balance) of \$2,576,116 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	2,076,116
Uninsured and uncollateralized	<u>0</u>
Total Deposits	<u><u>\$2,576,116</u></u>

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

3. Ad Valorem Taxes

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

The Avoyelles Parish Sheriff's Department bills and collects the City's property taxes using the assessed values determined by the Tax Assessor of Avoyelles Parish. The Avoyelles Parish Sheriff's Department charges 5% of total collections to the City. For the year ended June 30, 2021, taxes of 7.15 mills were levied on property with assessed valuations totaling \$33,634,720 and were dedicated as follows:

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

Total taxes levied were \$240,491. Ad valorem taxes receivable at June 30, 2021 are immaterial. Total ad valorem tax remitted to the fire department was \$58,196.

4. Receivables

Receivables at June 30, 2021 of \$235,824, consist of the following:

	General	Sewer Utility	Water Utility	Total
Utilities (including unbilled)	\$0	\$54,168	\$103,342	\$157,510
Franchise Taxes				
Electric	28,988	0	0	28,988
Telephone	870	0	0	870
Other	33,564	2,210	12,682	48,456
	\$63,422	\$56,378	\$116,024	\$235,824

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

5. Due from Other Governmental Units

Due from other governmental agencies of \$437,049, at June 30, 2021 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	\$3,991	\$0	\$0	\$0	\$3,991
Sales Tax	0	335,220	0	0	335,220
Rural Fire	270	0	0	0	270
DOTD	4,400				4,400
Fire District No. 2	58,905	0	0	0	58,905
Video Poker	589	0	0	0	589
Gaming Share	10,885				10,885
Housing Authority	22,789	0	0	0	22,789
	<u>\$101,829</u>	<u>\$335,220</u>	<u>\$0</u>	<u>\$0</u>	<u>\$437,049</u>

6. Restricted Assets – Proprietary Fund Types

Restricted assets consisted of the following at June 30, 2021:

Revenue bond reserve	\$178,798
Customers' deposits	<u>451,124</u>
	<u>\$629,922</u>

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

7. Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 162,514	\$0	\$0	\$ 162,514
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	3,743,647	10,900	(7,990)	3,746,557
Totals	<u>7,855,417</u>	<u>10,900</u>	<u>(7,990)</u>	<u>7,858,327</u>
Less accumulated depreciation				
Buildings	681,119	0	0	681,119
Improvements other than buildings	239,482	0	0	239,482
Infrastructure	636,260	0	0	636,260
Equipment and vehicles	2,872,777	232,209	(2,131)	3,102,855
Totals	<u>4,429,638</u>	<u>232,209</u>	<u>(2,131)</u>	<u>4,659,716</u>
Governmental activities, capital assets, net	<u>\$3,425,779</u>	<u>(\$221,309)</u>	<u>(\$5,859)</u>	<u>\$3,198,611</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$32,797
Beautification	2,042
Police	41,996
Fire	72,756
Recreation	16,124
Streets	66,494
Total Depreciation Expense	<u>\$232,209</u>

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

7. Capital Assets

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
Business-type activities				
Capital assets not being depreciated:				
Land	\$147,582	\$0	\$0	\$147,582
Other capital assets:				
Buildings & improvements	187,804	0	0	187,804
Sewer distribution system	13,835,662	114,660	0	13,950,322
Water distribution system	7,189,266	0	0	7,189,266
Equipment	756,703	16,307	(5,649)	767,361
Totals	<u>22,117,017</u>	<u>130,967</u>	<u>(5,649)</u>	<u>22,242,335</u>
Less accumulated depreciation				
Buildings & improvements	130,763	7,289	0	138,052
Sewer distribution system	7,273,340	175,688	0	7,449,028
Water distribution system	4,588,675	299,244	0	4,887,919
Equipment and vehicles	623,646	26,994	(5,649)	644,991
Totals	<u>12,616,424</u>	<u>509,215</u>	<u>(5,649)</u>	<u>13,119,990</u>
Governmental activities, capital assets, net	<u>\$9,500,593</u>	<u>(\$378,248)</u>	<u>\$0</u>	<u>\$9,122,346</u>

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

Sewer	\$317,760
Water	<u>191,455</u>
 Total depreciation expense	 <u>\$509,215</u>

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

8. Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2021:

General Long-Term Debt – Governmental Activities

	Balance			Balance
	June 30, 2020	Additions	Deletions	June 30, 2021
General Obligation Debt	\$983,000	\$100,000	(\$110,000)	\$973,000
	<u>\$983,000</u>	<u>\$100,000</u>	<u>(\$110,000)</u>	<u>\$973,000</u>

General Long-Term Debt – Business-type Activities

	Balance			Balance
	June 30, 2020	Additions	Deletions	June 30, 2021
Due to DOTD	\$232,952	\$0	\$0	\$232,952
Revenue bonds	1,094,000	0	(80,000)	1,014,000
	<u>\$1,326,952</u>	<u>\$0</u>	<u>(\$80,000)</u>	<u>\$1,246,952</u>

Capital Lease – Governmental Activities

	Balance			Balance
	June 30, 2020	Additions	Deletions	June 30, 2021
Capital lease-fire truck	\$111,535	\$0	(\$23,222)	\$88,313
Capital lease-fire truck	64,881	0	(20,836)	44,045
	<u>\$176,416</u>	<u>\$0</u>	<u>(\$44,058)</u>	<u>\$132,358</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, 2020	Additions	Deletions	June 30, 2021
Government activities	\$63,331	\$58,064	(\$49,061)	\$72,334
Business-type activities	13,075	10,054	(7,093)	16,036
Total	<u>\$76,406</u>	<u>\$68,118</u>	<u>(\$56,154)</u>	<u>\$88,370</u>

The short-term portion of the governmental activities compensated absences in the amount of \$40,698 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

Long-term debt payable at June 30, 2021 is comprised of the following:

	<u>Balance at June 30, 2021</u>	<u>Due In One Year</u>
General Obligation Debt:		
\$1,020,000 Sales Tax Bonds, Series 2017, dated October 3, 2017, due in annual installments of \$88,000 to \$119,000 through October 1, 2028; interest at 2.24% per annum. These bonds are funded by 1/2% sales tax revenues	\$747,000	\$96,000
\$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	\$126,000	\$16,000
\$100,000 Line of Credit, dated October 31, 2020, due at one-year anniversary date, interest at 1%. Paid by general revenues of the City.	<u>\$100,000</u>	<u>\$100,000</u>
Total General Obligation Indebtedness	<u>\$973,000</u>	<u>\$212,000</u>
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.	\$623,000	\$40,000
\$500,000 Limited Tax Bonds, Series 2016, dated September 1, 2016, due in annual installments of \$22,000 to \$55,000, through September 2028; interest at 1.225% to 2.45% per annum, paid semi-annually on March 1st and September 1st; secured by and payable from the proceeds of the City's ad-valorem taxes.	<u>\$391,000</u>	<u>\$43,000</u>
	<u>\$1,014,000</u>	<u>\$83,000</u>

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

8. Changes in Long-Term Debt (continued)

The long-term bond indebtedness is due as follows:

Government-type Activities			
General Obligation Bonds			
Year Ending 30-Jun	Principal Payments	Interest Payments	Total
2022	\$212,000	\$19,788	\$231,788
2023	\$116,000	\$17,026	\$133,026
2024	\$118,000	\$14,191	\$132,191
2025	\$127,000	\$11,227	\$138,227
2026	\$130,000	\$8,115	\$138,115
2027-2028	\$270,000	\$6,635	\$276,635
	\$973,000	\$76,982	\$1,049,982
Business-type Activities			
Revenue Bonds			
Year Ending 30-Jun	Principal Payments	Interest Payments	Total
2022	\$83,000	\$27,781	\$110,781
2023	\$86,000	\$25,539	\$111,539
2024	\$88,000	\$23,236	\$111,236
2025	\$91,000	\$20,861	\$111,861
2026	\$94,000	\$18,407	\$112,407
2027-2031	\$405,000	\$53,474	\$458,474
2032-2034	\$167,000	\$8,239	\$175,239
	\$1,014,000	\$177,537	\$1,191,537

In Fall of 2020, City received approval from the State of Louisiana Bond Commission to obtain a line of credit for \$300,000 to assist in meeting cash flow needs due to the expiration of the 1% sales tax. The City drew \$100,000 on the line of credit in October 2020.

In 2015, 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 was a grant, and the remainder is a 0% interest loan. The project was completed as of June 30, 2015 and the final amount of the loan is \$232,952. Repayment terms have been set at no interest and payable over 10 years, the first installment being due in the next fiscal year, in the amount of \$23,295. As of the date of this report, no payments have been made per instructions from DOTD.

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

On August 15, 2020, the voters of the City of Marksville approved a one percent sales and use tax for a period of fifteen years from and after July 1, 2020. 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.

Collection of the 1% sales and use tax during the fiscal year ended June 30, 2021 totaled \$1,488,893.

B. ½% Sales and Use Tax

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

The 2007 \$2,000,000 Sales Tax Bonds were refinanced in October 2017, in the amount of \$1,020,000 Bond Issue, with the same dedications. This resolution requires that the avails of the proceeds of the ½ % Sales Tax be dedicated to constructing, acquiring, extending and improving streets. The 2017 issue of \$1,020,000 Sales Tax Bonds requires that transfers should be made into the Sales Tax Bond Sinking Fund in an amount equal to 1/12 of the total amount of principal and interest falling due in the ensuing year. For the fiscal year ended June 30, 2021, the City made all required transfers to this fund. At June 30, 2021, the balance in the Sinking Fund was \$88,305.

Collection of the ½% sales and use tax during the fiscal year ended June 30, 2021 totaled \$744,447.

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

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

C. ½% Public Safety Tax

On July 20, 1996, voters of the City of Marksville approved the levy and collection of an additional ½% sales and use tax. Proceeds of this tax, after payment of necessary collection expenses, are dedicated to the payment of salaries and other personnel costs related to fire protection and acquiring, constructing, improving, maintaining, and operating fire protection and police facilities and equipment.

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

Collections of the ½% Public Safety Sales Tax during the fiscal year ended June 30, 2021 totaled \$744,447.

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, 2021, totaled \$240,614. See Note 8 for additional information on the bond issue.

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

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

1. To pay all reasonable and necessary expenses of administering, operating, repairing, and insuring the system.
2. To establish a Sewer Revenue Bond and Interest Sinking Fund and to transfer thereto, no later than the 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, 2021, 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, 2021, all required deposits have been made and the Sewer Depreciation and Contingency Fund totaled \$55,998.

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

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

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

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

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.

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 all the Retirement System and additions to/deductions from the fiduciary net positions have been determined on the same basis as they are reported by the respective retirement systems. For this purpose, all 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.

Louisiana State Employees Retirement System (LASERS)

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.

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.

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

LASERS (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.

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

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

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

LASERS (continued)

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

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service 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)

LASERS (continued)

Disability Benefits: Generally, active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age. Upon reaching retirement age, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees. For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation or 100% of final average compensation if the injury was the results of an intentional act of violence.

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

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

Contributions

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

Since the measurement date of the net pension liability was June 30, 2020, the net pension liability is based upon fiduciary net position for the plan as of that date.

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)

LASERS (continued)

The rates in effect during the year ended June 30, 2020 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%	40.7%
Post Act 75 (hired after 6/30/2006)	Closed	8.0%	40.7%
Optional Retirement Plan (ORP)			
Pre Act 75 (hired before 7/1/2006)	Closed	7.5%	40.7%
Post Act 75 (hired after 6/30/2006)	Closed	8.0%	40.7%
Legislators	Closed	11.5%	42.4%
Special Legislative Employees	Closed	9.5%	40.4%
Judges hired before 1/1/2011	Closed	11.5%	42.4%
Judges hired after 12/31/2010	Closed	13.0%	42.0%
Judges hired on or after 7/1/2015	Open	13.0%	42.0%
Corrections Primary	Closed	9.0%	36.9%
Corrections Secondary	Closed	9.0%	40.7%
Wildlife Agents	Closed	9.5%	49.7%
Peace Officers	Closed	9.0%	39.4%
Alcohol Tobacco Control	Closed	9.0%	33.9%
Bridge Police	Closed	8.5%	39.8%
Hazardous Duty	Open	9.5%	41.7%

The agency's contractually required composite contribution rate for the year ended June 30, 2021 was 42.5% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Agency were \$5,242 for the year ended June 30, 2021.

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)
LASERS (continued)

For the year ended June 30, 2021, the Agency recognized pension expense of \$5,242 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions.

Actuarial Assumptions

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

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	2 years
Investment Rate of Return	7.55% per annum, net of investment expenses
Inflation Rate	2.3% per annum.
Mortality	Non-disabled members – The RP-2014 Blue Collar (males/females) and White Collar (females) Healthy Annuitant Tables projected on a fully generational basis by Mortality Improvement Scale MP-2018 Disabled members – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2014-2018) experience study of the System's members for 2019.
Salary Increases	Salary increases were projected based on a 2014-2018 experience study of the System's members. The salary increase ranges for specific types of members are:

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

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

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)

LASERS (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting long-term rate of return is 8.25% for 2020. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	-0.59%
Domestic equity	4.79%
International equity	5.83%
Domestic Fixed Income	1.76%
International Fixed Income	3.98%
Alternative Investments	6.69%
Risk Parity	4.20%
Total Fund	5.81%

Louisiana Municipal Police Employees Retirement System (MPERS)

General Information about the MPERS Pension Plan

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.

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. MPERS 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.

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)

MPERS (continued)

Benefits Provided

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

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

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

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

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

Benefits rates for membership prior to January 1, 2013, are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Benefit rates for membership after January 1, 2013 under the Hazardous and Non Hazardous Duty sub plans are three and one-third 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.

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)

MPERS (continued)

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.

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 11:223.

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.

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)

MPERS (continued)

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.

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: For the year ended June 30, 2021, total contribution rates for employers and employees were 43.75%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013, were 33.75% and 10%, 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 33.75% and 7.5%, respectively.

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.

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)

MPERS (continued)

For the year ended June 30, 2021, the Agency recognized pension expense of \$14,501 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions.

Actuarial Assumptions

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

Valuation Date	June 30, 2020	
Actuarial Cost Method	Entry Age Normal	
Investment Rate of Return	6.950%, net of investment expense	
Expected Remaining Service Lives	4 Years	
Inflation Rate	2.5%	
Salary Increases, including inflation and merit	Years of Service	Salary Growth Rate
	1-2	12.30%
	3 and Above	4.70%

Mortality For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale

For disabled lives, the Pub-2010 Public Retirement Plan Mortality for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale

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.

The discount rate used to measure the total pension liability was 6.95%. 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.

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)

MPERS (continued)

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 8.03% for the year ended June 30, 2020.

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2020 are summarized in the following table:

Asset Class	June 30, 2020	
	Target Allocation	Long-Term Expected Real Rate of Return
Equity	48.5%	3.08%
Fixed Income	33.5%	0.54%
Alternatives	18.0%	1.02%
Other	0.0%	0.00%
Total	100.0%	4.64%
Inflation		2.55%
Expected Arithmetic Nomial Return		7.19%

Louisiana Firefighters Retirement System-FRS

Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272. 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.

As of June 30, 2021, the City of Marksville had only one participant in the FRS who entered the system during the fiscal year ended June 30, 2021. Measurement date for the June 30, 2021, financials for actuarially determined amounts is June 30, 2020, which resulted in no actuarially determined amounts or net pension liability for the City of Marksville as of June 30, 2021.

Eligibility: Any person who becomes an employee as defined in R.S. 11:2252 on and after January 1, 1980, shall become a member as a condition of employment. Members in the System consist of full- time firefighters, eligible employees of the retirement system, or any person in a position as defined in the municipal fire and police civil service system that earns at least \$375 per month, excluding state supplemental pay, and is employed by a fire department of any municipality, parish, or fire district of the state of Louisiana, except for Orleans Parish and the City of Baton Rouge.

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)

FRS (continued)

No person who has attained age 50 or over shall become a member of the System unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of 50. No person who has not attained the age of 18 years shall become a member of the System.

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

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

If employees terminate before completing 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions.

Benefits are payable over the retirees' lives in the form of a monthly annuity. A member may elect an unreduced benefit or any of seven options at retirement. See R.S. 11:2256(A) for additional details on retirement benefits.

Disability Benefits: A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have a total disability solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits under the provisions of R.S. 11:2258(B).

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

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)

FRS (continued)

Upon commencement of participation in DROP, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the member's DROP account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are in addition to his regular monthly benefit.

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No withdrawals may be made from the DROP account until the participant retires.

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

Contributions: Contributions for all members are actuarially determined as required by state law. For the year ended June 30, 2021, total contributions for employers and employees were 34.25% and 10% respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 32.25% and 7.5%, respectively.

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.

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)

FRS (continued)

Actuarial Assumptions

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

Valuation Date	June 30, 2020	
Actuarial Cost Method	Entry Age Normal	
Investment Rate of Return	6.90%, net of investment expense	
Expected Remaining Service Lives	7 Years	
Inflation Rate	2.5%	
Salary Increases, including inflation and merit		Salary Growth Rate
	Years of Service	
	1-2	14.10%
	3 and Above	5.20%
	Includes inflation & merit increases	

Mortality For active members, annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality for Safety Below-Median Healthy Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale

For disabled retirees, the Pub-2010 Public Retirement Plan Mortality for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale

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, as they are deemed not to be substantively automatic.

Best estimates of arithmetic real rates of return for each major class included in the System's target asset allocation as of June 30, 2020, are summarized in the following table:

		June 30, 2020	
		Target Allocation	Long-Term Expected Real Rate of Return
Equity	US Equity	26.0%	5.72%
	Non US Equity	12.0%	6.24%
	Global Equity	10.0%	6.23%
	Emerging Market Equity	6.0%	8.61%
Fixed Income	US Core Fixed Income	26.0%	1.00%
	Emerging Market Debt	5.0%	3.40%
Mult Asset Strategies	Global Tactical Assets Alloc	0.0%	4.22%
	Risk Parity	0.0%	4.22%
Alternatives	Real Estate	6.0%	4.20%
	Private Equity	9.0%	10.29%
		100.0%	

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)

	LASERS	MPERS	FRS
Net Pension Liability	\$51,692	\$137,748	\$0
Pension (Benefit) Expense	\$35,697	(\$8,951)	\$0
Proportion of Net Pension Liability	0.000630%	0.014904%	0.000000%
Change in Proportion Inc (Dec)	-0.000020%	0.024090%	0.000000%

The net pension liabilities were measured as of June 30, 2020, and the total pension liabilities used to calculate the net pension liability were determined by actuarial valuations as of that date. The City of Marksville's proportion of the net pension liability for each retirement system was based on a projection of the City of Marksville's long-term share of contributions to the pension plan relative to the projection contributions of all participating employers, actuarially determined.

At June 30, 2021, the City of Marksville reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			TOTAL
	LASERS	MPERS	FRS	
Change in assumptions	\$165	\$0	\$0	\$3,438
Differences between expected and actual experience	0	16,526	0	16,526
Net difference between projected and actual earnings on pension plan investments	7,556	0	0	7,556
Change in proportion	0	14,893	0	14,893
Total	\$7,721	\$31,419	\$0	\$39,140

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)

	Deferred Inflows of Resources			
	<u>LASERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>TOTAL</u>
Change in assumptions	\$0	\$3,399	\$0	\$6,672
Differences between expected and actual experience	496	5,426	0	5,922
Net difference between projected and actual earnings				
on pension plan investments	0	21,929	0	21,929
Change in proportion	0	0	0	0
 Total	 <u>\$496</u>	 <u>\$30,754</u>	 <u>\$0</u>	 <u>\$31,250</u>

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

	<u>LASERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>TOTAL</u>
Year ending June 30:				
2022	\$962	(\$10,127)	\$0	(\$9,165)
2023	2,179	2,871	0	\$5,050
2024	2,335	8,056	0	\$10,391
2025	1,749	3,138	0	\$4,887
 Total	 <u>\$7,225</u>	 <u>\$3,938</u>	 <u>\$0</u>	 <u>\$11,163</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)

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City of Marksville's proportionate share of the net pension liability using the discount rate of 7.55% for LASERS, 6.95% for MPERS, and 7.00% for FRS, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
LASERS	6.55%	7.55%	8.55%
	\$63,521	\$51,692	\$41,653
MPERS	5.95%	6.95%	7.95%
	\$193,521	\$137,748	\$91,124
FRS	6.00%	7.00%	8.00%
	\$0	\$0	\$0

Pension Plan Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the separately issued financial reports for each of the retirement systems and can be obtained on the plans' respective websites or on the Louisiana Legislative Auditor's website at www.la.gov.

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, 2021.

14. Risk Management

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

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

15. 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, 2021, as follows:

	Sewer Fund	Water Fund	Total Enterprise Funds
Operating Revenues	\$643,657	\$1,261,364	\$1,905,021
	643,657	1,261,364	1,905,021
Depreciation	317,760	191,455	509,215
Operating Expenses	576,628	1,223,101	1,799,729
Total Operating expenses	894,388	1,414,556	2,308,944
Operating income (loss)	(\$250,731)	(\$153,192)	(\$403,924)

16. Compensation of Elected Officials

A detail of compensation paid to elected officials for the year ended June 30, 2021:

	Compensation	Term Expires
John Lemoine, Mayor	\$6,325	June 30, 2022
Council Members:		
Current Members:		
Joseph Smith	6,390	June 30, 2022
Mary E. Sampson	6,390	June 30, 2022
Clyde Benson	6,390	June 30, 2022
Frank Havard	6,325	June 30, 2022
Michael Gremillion	6,325	June 30, 2022
	\$38,145	

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

17. Interfund Transactions

A. Internal Balances (Due from/to Other Funds) as of June 30, 2021:

	Due From	Due To
Major Funds:		
Special Revenue Funds:		
1% Sales Tax	\$279,944	\$0
1/2% Sales Tax	0	139,972
1/2 Public Safety Sales Tax	0	139,972
	\$279,944	\$279,944

B. Transfers - Transfers consisted of the following for the year ended June 30, 2021:

	Transfers In	Transfers Out
Major Funds:		
General Fund	\$2,089,872	\$50,000
Special Revenue Funds:		
1% Sales Tax Fund	0	888,362
1/2% Sales Tax Fund	0	695,639
1/2% Public Safety Sales Tax Fund	0	686,767
Proprietary Funds:		
Sewer Utility Fund	199,717	122,490
Water Utility Fund	21,500	6,785
Nonmajor Funds:		
Debt Service Funds:		
Street Improvement Bonds	115,200	0
Capital Projects Fund:		
Capital Outlay Projects Fund	8,754	0
	\$2,435,043	\$2,450,043

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.

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

18. Contingent Liabilities

As of June 30, 2021, several suits had been filed against the City. The potential loss to the City of Marksville for any damages awarded under uninsured claims is deemed undeterminable by legal counsel.

19. Subsequent Events

Subsequent events were evaluated through June 7, 2022, which is the date the financial statements were available to be issued. The following events were noted:

Municipal elections were held in Spring 2022 and the following persons will take office on July 1, 2022:

Mayor	John Lemoine
Alderman, District 1	Frank Havard
Alderman, District 2	Michael Gremillion
Alderman, District 3	Torrick Friels
Alderman, District 4	Joseph Smith II
Alderman, District 5	Anita Saucier

As a result of COVID-19 coronavirus, economic uncertainties have arisen which are likely to have a negative impact of operations and have caused business disruptions. However, the relative financial impact and duration cannot be reasonably estimated at this time and the City is closely monitoring its financial statements for future impacts.

**REQUIRED
SUPPLEMENTARY INFORMATION**

**CITY OF MARKSVILLE, LOUISIANA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget As Amended	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$244,100	\$294,400	\$248,776	\$(45,624)
Franchise Fees	163,400	205,300	161,409	(43,891)
Licenses and permits	312,000	437,800	357,378	(80,422)
Intergovernmental	165,180	143,400	171,160	27,760
Fines and forfeits	2,100	2,400	2,701	301
Miscellaneous	110,095	183,750	290,276	106,526
TOTAL REVENUES	<u>996,875</u>	<u>1,267,050</u>	<u>1,231,700</u>	<u>(35,350)</u>
EXPENDITURES				
Current -				
General government	417,810	435,920	449,032	(13,112)
Public Safety:				
Police	1,227,850	1,196,010	1,267,170	(71,160)
Fire	597,349	627,360	605,710	21,650
Beautification	162,100	116,160	133,409	(17,249)
Streets and sidewalks	701,966	819,110	800,324	18,786
Capital outlay	0	0	10,900	(10,900)
Debt service	20,600	20,600	71,002	(50,402)
TOTAL EXPENDITURES	<u>3,127,675</u>	<u>3,215,160</u>	<u>3,337,546</u>	<u>(122,386)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,130,800)</u>	<u>(1,948,110)</u>	<u>(2,105,846)</u>	<u>(157,736)</u>
OTHER FINANCING SOURCES (USES)				
Gain on sale of assets	4,000	1,000	977	23
Proceeds from debt issuance	0	100,000	100,000	100,000
Operating transfers in	2,126,800	1,847,110	2,089,872	242,762
Operating transfers out	0	0	(50,000)	50,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,130,800</u>	<u>1,948,110</u>	<u>2,140,849</u>	<u>192,739</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	0	0	35,003	<u>\$35,003</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>183,630</u>	<u>183,630</u>	<u>183,630</u>	
FUND BALANCES AT END OF YEAR	<u>\$183,630</u>	<u>\$183,630</u>	<u>\$218,633</u>	

CITY OF MARKSVILLE, LOUISIANA
1% SALES TAX FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget As Amended	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$945,000	\$1,500,000	\$1,488,893	\$(11,107)
Miscellaneous	0	1,000	825	(175)
TOTAL REVENUES	<u>945,000</u>	<u>1,501,000</u>	<u>1,489,719</u>	<u>(11,281)</u>
<u>EXPENDITURES</u>				
Current -				
General government	31,200	46,000	42,226	3,774
Public Safety:				
Debt service	0	0	0	0
TOTAL EXPENDITURES	<u>31,200</u>	<u>46,000</u>	<u>42,226</u>	<u>3,774</u>
Excess (deficiency) of revenues over expenditures	<u>913,800</u>	<u>1,455,000</u>	<u>1,447,493</u>	<u>(7,507)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers out	<u>(913,800)</u>	<u>(860,330)</u>	<u>(888,362)</u>	<u>28,032</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(913,800)</u>	<u>(860,330)</u>	<u>(888,362)</u>	<u>(28,032)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	0	594,670	559,131	<u>\$(35,539)</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>311,087</u>	<u>311,087</u>	<u>311,087</u>	
FUND BALANCES AT END OF YEAR	<u>\$311,087</u>	<u>\$905,757</u>	<u>\$870,218</u>	

CITY OF MARKSVILLE, LOUISIANA
1/2% SALES TAX FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget As Amended	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$800,000	\$750,000	\$744,447	\$(5,553)
Miscellaneous	0	500	405	(95)
TOTAL REVENUES	<u>800,000</u>	<u>750,500</u>	<u>744,852</u>	<u>(5,648)</u>
<u>EXPENDITURES</u>				
Current -				
General government	24,800	24,800	11,030	13,770
Public Safety:				
Streets and sidewalks	0	25,200	35,752	(10,552)
Capital outlay	0	8,000	0	8,000
Debt service	0	0	0	0
TOTAL EXPENDITURES	<u>24,800</u>	<u>58,000</u>	<u>46,782</u>	<u>11,218</u>
Excess (deficiency) of revenues over expenditures	<u>775,200</u>	<u>692,500</u>	<u>698,070</u>	<u>5,570</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	0	0	15,000	15,000
Operating transfers out	<u>(775,200)</u>	<u>(704,185)</u>	<u>(695,639)</u>	<u>(8,546)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(775,200)</u>	<u>(704,185)</u>	<u>(680,639)</u>	<u>23,546</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	0	(11,685)	17,431	<u>\$29,116</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>132,424</u>	<u>132,424</u>	<u>132,424</u>	
FUND BALANCES AT END OF YEAR	<u>\$132,424</u>	<u>\$120,739</u>	<u>\$149,855</u>	

**CITY OF MARKSVILLE, LOUISIANA
1/2% PUBLIC SAFETY SALES TAX FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget As Amended	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$800,000	\$750,000	\$744,447	\$(5,553)
Miscellaneous	0	0	803	803
TOTAL REVENUES	<u>800,000</u>	<u>750,000</u>	<u>745,250</u>	<u>(4,750)</u>
<u>EXPENDITURES</u>				
Current -				
General government	16,000	7,000	11,030	(4,030)
Public Safety:				
Police	0	46,000	0	46,000
Fire	5,000	5,200	0	5,200
Debt service	0	0	0	0
TOTAL EXPENDITURES	<u>21,000</u>	<u>58,200</u>	<u>11,030</u>	<u>47,170</u>
Excess (deficiency) of revenues over expenditures	<u>779,000</u>	<u>691,800</u>	<u>734,220</u>	<u>42,420</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	(750,000)	(750,000)	0	750,000
Operating transfers out	0	139,375	(686,767)	(826,142)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(750,000)</u>	<u>(610,625)</u>	<u>(686,767)</u>	<u>(76,142)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	29,000	81,175	47,453	<u><u>\$(33,722)</u></u>
FUND BALANCES AT BEGINNING OF YEAR	<u>124,061</u>	<u>124,061</u>	<u>124,061</u>	
FUND BALANCES AT END OF YEAR	<u><u>\$153,061</u></u>	<u><u>\$205,236</u></u>	<u><u>\$171,514</u></u>	

**CITY OF MARKSVILLE, LOUISIANA
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2021**

Fiscal Year*	Agency Proportion of the Net Pension Liability (Asset)	Agency's Proportionate Share of the Net Pension Liability (Asset)	Agency's Covered Payroll	Agency's Proportinate Share of the Net Pension Liability (Asset) as a %age Of Its Covered Employee Payroll	Plan Fiduciary Net Position as a %age of the Total Pension Liability
Louisiana State Employee's Retirement System (LASERS)					
2021	0.063000%	\$51,692	\$12,362	418%	58.00%
2020	0.065000%	\$46,875	\$12,362	379%	62.90%
2019	0.068000%	\$46,103	\$12,362	373%	64.30%
2018	0.070000%	\$49,413	\$12,362	399%	62.50%
2017	0.070000%	\$54,811	\$12,362	443%	57.70%
2016	0.000000%	\$0	\$0	0%	0.00%
2015	0.690000%	\$42,957	\$12,362	347%	65.00%
Municipal Police Employees Retirement System (MPERS)					
2021	0.014904%	\$137,748	\$42,967	321%	75.50%
2020	0.012495%	\$113,476	\$46,033	247%	72.89%
2019	0.015684%	\$132,593	\$42,566	311%	73.23%
2018	0.020517%	\$179,122	\$61,250	292%	70.01%
2017	0.031052%	\$291,045	\$81,461	360%	66.04%
2016	0.031702%	\$248,352	\$84,937	305%	70.73%
2015	0.032297%	\$202,053	\$84,800	238%	75.10%
Louisiana Firefighters' Retirement System (FRS)					
2021	0.000000%	\$0	\$4,896	0%	72.61%
2020	0.000000%	\$0	\$0	0%	0.00%
2019	0.000000%	\$0	\$0	0%	0.00%
2018	0.000000%	\$0	\$0	0%	0.00%
2017	0.000000%	\$0	\$0	0%	0.00%

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

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

**CITY OF MARKSVILLE, LOUISIANA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2021**

Fiscal Year*	Contractually Required Contribution	Contributions In Relation To Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a %age of Covered Employee Payroll
Louisiana State Employee's Retirement System (LSASERS)					
2021	\$5,241	\$5,241	\$0	\$12,362	42.50%
2020	\$5,241	\$5,241	\$0	\$12,362	42.40%
2019	\$5,241	\$5,241	\$0	\$12,362	42.40%
2018	\$4,936	\$4,936	\$0	\$12,362	40.10%
2017	\$4,698	\$4,698	\$0	\$12,362	38.00%
2016	\$1,421	\$1,421	\$0	\$4,710	38.10%
2015	\$0	\$0	\$0	\$0	0.00%
Municipal Police Employees Retirement System (MPERS)					
2021	\$14,501	\$14,501	\$0	\$42,967	33.75%
2020	\$15,536	\$15,536	\$0	\$43,066	33.75%
2019	\$13,728	\$13,728	\$0	\$42,566	32.50%
2018	\$13,125	\$13,125	\$0	\$42,683	30.75%
2017	\$19,447	\$19,447	\$0	\$61,251	31.75%
2016	\$25,660	\$25,660	\$0	\$81,460	31.50%
2015	\$26,712	\$26,712	\$0	\$84,800	31.50%
Louisiana Firefighters' Retirement System (FRS)					
2021	\$4,896	\$4,896	\$0	\$15,181	32.25%
2020	\$0	\$0	\$0	\$0	0.00%
2019	\$0	\$0	\$0	\$0	0.00%
2018	\$0	\$0	\$0	\$0	0.00%

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

CITY OF MARKSVILLE, LOUISIANA

Notes to the Required Supplementary Information

1. Budget and Budgetary Accounting

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

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

2. Pension Plans

Changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plans. These assumptions include the rate of investment return, mortality of plan members, rate of salary increases, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plans.

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR DEBT SERVICE FUNDS

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, 2021**

	Street Improvement Bonds Fund	Capital Outlay Fund	Total Non-Major Governmental Funds
<u>ASSETS</u>			
Cash and Cash Equivalents	\$0	\$32,281	\$32,281
Interest bearing deposits	88,414	65,000	153,414
TOTAL ASSETS	88,414	97,281	185,695
<u>LIABILITIES AND FUND BALANCES</u>			
TOTAL LIABILITIES	0	0	0
<u>FUND BALANCES</u>			
Restricted	88,414	0	88,414
Committed	0	97,281	97,281
Total fund balances	88,414	97,281	185,695
TOTAL LIABILITIES AND FUND BALANCES	88,414	97,281	185,695

**CITY OF MARKSVILLE, LOUISIANA
COMBING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Street Improvement Bonds Fund	Capital Outlay Fund	Total Non-Major Governmental Funds
REVENUES			
Miscellaneous	60	651	712
TOTAL REVENUES	60	651	712
EXPENDITURES			
Debt service -			
Prinicpal retirement	94,000	0	94,000
Interest	17,786	0	17,786
TOTAL EXPENDITURES	111,786	0	111,786
Excess (deficiency) of revenues over expenditures	(111,725)	651	(111,074)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	115,200	8,754	123,954
TOTAL OTHER FINANCING SOURCES (USES)	115,200	8,754	123,954
Excess (deficiency) of revenues over expenditures and other sources (uses)	3,475	9,405	12,880
FUND BALANCES AT BEGINNING OF YEAR	84,939	87,876	172,815
FUND BALANCES AT END OF YEAR	\$88,414	\$97,281	\$185,695

OTHER FINANCIAL INFORMATION

**CITY OF MARKSVILLE, LOUISIANA
SCHEDULE OF NUMBER OF UTILITY CUSTOMERS
JUNE 30, 2021**

Records maintained by the City of Marksville indicated the following number of customers were being serviced during the months of June 2021 and June 2020:

<u>Department</u>	<u>2021</u>	<u>2020</u>
Water:		
Commercial	363	364
Residential	2,486	2,220
Total	<u>2,849</u>	<u>2,584</u>
Sewerage:		
Commercial	351	349
Residential	2,024	2,010
Total	<u>2,375</u>	<u>2,359</u>

See independent auditors' report.

**CITY OF MARKSVILLE
SCHEDULE OF INSURANCE IN FORCE
JUNE 30, 2021**

<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	10/21/2021
Fire	Fire Station	VFIS	VFIS-TR-2050513-12	1/1/2022
	Auto	VFIS	VFIS-CM-1050338-12	1/1/2022
Auto Liability	Fleet	LA Municipal Risk Asso	100-0346-14950	1/1/2022
Blanket Bond	Mayor	Western Surety	54703433	7/1/2022
	City Secretary/Clerk	Western Surety	54703437	7/1/2022
	Mayor Pro-Temp	Western Surety	54941152	7/1/2022
	Police Chief	Western Surety	54703439	7/1/2022
	Payroll Clerk	Western Surety	54703436	7/1/2022
	Waterworks Clerks	Western Surety	71064330	Upon Termination
	City of Marksville	Western Surety	12395480	Indefinite Years
Building	City Hall	1st Insurance Marksville	MP1177163	6/21/2022
	Police Station		MP1177163	6/21/2022
	Street Department		MP1177163	6/21/2022
	DA Jordan Complex		MP1177163	6/21/2022
	Hypolite Bordelon		CPS2849798	6/21/2022
	Sewer Department		MP1177163	6/21/2022
	Water Department		MP1177163	6/21/2022
	Mary Bethune Gym		MP1177163	6/21/2022

See independent auditors' report.

**CITY OF MARKSVILLE
SCHEDULE OF MAYOR AND BOARD OF ALDERMAN
JUNE 30, 2021**

<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
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
Joseph Smith II 416 Ferdinand Street 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, 2021
(Without Audit)

Agency Head: John Lemoine, Mayor

Purpose	Amount
Salary	\$6,325
Telephone	590
Dues and registrations	<u>600</u>
Total	<u>\$7,515</u>

See independent auditors' report.

CITY OF MARKSVILLE

**JUSTICE SYSTEM FUNDING SCHEDULE –
RECEIVING ENTITY**

As Required by Act 87 of the 2020 Regular Legislative Session

**FOR THE YEAR ENDED JUNE 30, 2021
(Without Audit)**

Receipts from:

Marksville City Court:

Criminal Off Duty Witness Fees	\$260	\$580
Criminal Police Dept	195	410
Criminal City Fines	1,022	1,679

Total Received	<u>\$1,477</u>	<u>\$2,669</u>
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Ending Balance of Total Amounts

Assessed but not yet Received	<u>\$0</u>	<u>\$0</u>
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**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, 2021, 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 June 7, 2022.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as Item 2020-001, to be material weaknesses.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Marksville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance noncompliance or other matter required to be reported under Government Auditing Standards, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as Item 2020-002.

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

June 7, 2022

CITY OF MARKSVILLE, LOUISIANA
Schedule of Current and Prior Year
Audit Findings and Responses
For the Year Ended June 30, 2021

Section I – Summary of Auditors’ Results

A. Financial Statement Audit

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
Deficiency in internal control	Yes
Material weaknesses identified	Yes
Noncompliance material to the basic financial statements noted?	Yes

B. Audit of Federal Awards

Not Applicable

Section II – Findings Relating to the Financial Statements

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

Internal Control Over Financial Reporting

2021-001 – Inadequate financial management of the utility system (Prior Year 2020-001 and 2019-002)

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

CRITERIA: Internal control is defined as a process affected by those charged with governance, management, and other personnel designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations and includes those policies and procedures that pertain to the City’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

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

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

CITY OF MARKSVILLE, LOUISIANA
Schedule of Current and Prior Year Audit Findings
For the Year Ended June 30, 2021

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

2021-001 – Inadequate financial management of the utility system (Prior Year 2020-001 and 2019-002) (continued)

RECOMMENDATION: We recommend the City management:

- Institute policies and/or procedures for water meter and sewer deposits, customer billings, billing adjustments, collections, reconciliation of accounts, job duties, and safeguarding of public property;
- Ensure that the critical accounting functions are adequately segregated, and monthly bank reconciliations are reviewed, and all collections deposited in a timely manner;
- Reconcile the utility billings, bank accounts and general ledger accounts affiliated with utility collections;
- Reconcile the water meter and sewer deposits among all sources;
- Ensure all accounts are reviewed and inactive water meter and sewer deposits are applied to accounts and refunded on a timely basis;

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

STATUS: Paritally Resolved – Management is addressing the issues; however due to the COVID19 pandemic, not all recommendations could be implemented by the City by the date of this report.

Compliance Finding

2021-002 Timely Submission of Report

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

CRITERIA: Louisiana Revised Statute 24:513 requires the City's audited financial statements to be submitted to the Louisiana Legislative Auditor no later than six months after the year end.

CAUSE: The negative impact of the COVID19 pandemic on the City and the audit firm resulted in the audit report not being timely filed. A disaster extension of time to submit the report was granted to May 31, 2022, and a non-emergency extension of time to submit the report was granted to June 30, 2022.

EFFECT: The city was not in compliance with Louisiana Revised Statute 24:513

CITY OF MARKSVILLE, LOUISIANA
Schedule of Current and Prior Year Audit Findings
(continued)
For the Year Ended June 30, 2021

Compliance Finding (continued)

2021-02 Timely Submission of Report (continued)

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

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN: The fiscal year end of June 30, 2021, was unique in that the year end closeout and the audit time frame were both negatively impacted by the COVID19 Pandemic and related issues of continued absence of personnel due to illness and employee turnover at both the City and the auditors businesses. An emergency disaster extension was granted to May 31, 2022 by the Louisiana Legislative Auditor; however, due to continue illness and personnel issues at the auditors' office, an additional, non-emergency extension was requested and granted by the Louisiana Legislative Auditor with an extended deadline of June 30, 2022. This was a unique and isolated situation for the June 30, 2021 fiscal year. Management will monitor timelines and work schedules and plans to timely file the annual audit reports for future years.

STATUS: Resolved

Part II Prior Year Findings

A. Internal Control Finding

2020-001 and 2019-002 – Inadequate financial management of the utility system

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

RECOMMENDATION: We recommend the City management:

- Institute policies and/or procedures for water meter and sewer deposits, customer billings, billing adjustments, collections, reconciliation of accounts, job duties, and safeguarding of public property;
- Ensure that the critical accounting functions are adequately segregated, and monthly bank reconciliations are reviewed, and all collections deposited in a timely manner;
- Reconcile the utility billings, bank accounts and general ledger accounts affiliated with utility collections;
- Reconcile the water meter and sewer deposits among all sources;
- Ensure all accounts are reviewed and inactive water meter and sewer deposits are applied to accounts and refunded on a timely basis;

STATUS: Partially resolved. See current year item 2021-001.

B. Compliance Findings

None