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LEGISLATIVE AUDITOR

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**CITY OF MARKSVILLE, LOUISIANA**

Financial Report

Year Ended June 30, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **FEB 07 1999**

## TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-2
GENERAL PURPOSE FINANCIAL STATEMENTS (COMBINED STATEMENTS - OVERVIEW)	
Combined balance sheet - all fund types and account groups	4-5
Combined statement of revenues, expenditures, and changes in fund balances - all governmental fund types	6
Combined statement of revenues, expenditures, and changes in fund balances - budget (GAAP basis) and actual - general, special revenue, and debt service funds	7-8
Combined statement of revenues, expenses, and changes in retained earnings - proprietary fund type	9
Combined statement of cash flows - proprietary fund type	10
Notes to financial statements	11-40
SUPPLEMENTAL INFORMATION	
FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS AND ACCOUNT GROUPS	
General Fund:	
Comparative balance sheet	44
Comparative statement of revenues, expenditures, and changes in fund balances	45
Statement of revenues - budget (GAAP basis) and actual	46
Statement of expenditures - budget (GAAP basis) and actual	47-48
Special Revenue Funds:	
Combining balance sheet	50
Combining statement of revenues, expenditures, and changes in fund balances	51
Combining statement of revenues, expenditures, and changes in fund balance – budget (GAAP basis) and actual	52-53

	Page
<b>Debt Service Funds:</b>	
Combining balance sheet	55
Combining statement of revenues, expenditures, and changes in fund balances	56
Combining statement of revenues, expenditures, and changes in fund balance - budget (GAAP basis) and actual	57
<b>Capital Projects Funds:</b>	
Combining balance sheet	59
Combining statement of revenues, expenditures, and changes in fund balances	60
<b>Enterprise Funds:</b>	
Combining balance sheet	62-63
Combining statement of revenues, expenses, and changes in retained earnings	64
Combining statement of cash flows	65
<b>Agency Funds:</b>	
Combining balance sheet	67
Combining statement of changes in assets and liabilities	68
<b>General Fixed Assets Account Group:</b>	
Comparative statement of general fixed assets	70
Statement of changes in general fixed assets	71
<b>General Long-Term Debt Account Group:</b>	
Schedule of general long-term debt	73
<b>INTERNAL CONTROL AND COMPLIANCE, AND OTHER INFORMATION</b>	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	75-76
<b>OTHER SCHEDULES</b>	
Schedule of findings, questioned costs and corrective action	77-78
Prior year audit findings	79

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## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor Richard R. Michel, M.D. and  
The Board of Aldermen  
City of Marksville, Louisiana

We have audited the accompanying general purpose financial statements of the City of Marksville, Louisiana as of June 30, 1998, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of City of Marksville, Louisiana management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Marksville, Louisiana, as of June 30, 1998, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated November 25, 1998 on our consideration of the City of Marksville's internal control over financial reporting and on our tests of its compliance with laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as "Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the City of Marksville, Louisiana. Such information, except for that portion marked "unaudited" on which we express no opinion, information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The financial information for the preceding year, prepared by other auditors, which is included for comparative purposes was taken from the financial report for that year in which their report dated December 23, 1997, expressed an unqualified opinion on the general purpose financial statements of the City of Marksville, Louisiana.

***Kolder, Champagne, Slaven & Rainey, LLC***  
Certified Public Accountants

Marksville, Louisiana  
November 25, 1998

GENERAL PURPOSE FINANCIAL STATEMENTS  
(COMBINED STATEMENTS - OVERVIEW)

CITY OF MARKSVILLE, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups  
June 30, 1998

	Governmental Fund Types				Proprietary Fund Type			Fiduciary Fund Type		Account Groups			Totals	
	General Fund	Special Revenue	Debt Service	Capital Projects	Enterprise	Agency	Long-Term Debt	General Assets	General Debt	1998		1997		
										Fixed Assets	Long-Term Debt	(Memorandum Only)		
<b>ASSETS AND OTHER DEBITS</b>														
Cash and interest-bearing deposits	\$544,757	\$ 917,485	\$760,805	\$ 85,712	\$ 963,982	\$ 24,699	\$ -	\$ -	\$ -	\$ 3,297,440	\$ 3,958,681			
Receivables -														
Accounts	-	-	-	-	69,980	-	-	-	-	69,980	112,791			
Unbilled utility receivables	-	-	-	-	50,440	-	-	-	-	50,440	-			
Due from other funds	5,035	1,631	-	15,636	9,582	106,343	-	-	-	138,227	95,860			
Due from other governmental agencies	65,371	138,012	-	-	-	-	-	-	-	203,383	344,338			
Other	20,312	-	-	-	-	-	-	-	-	20,312	28,165			
Restricted assets:														
Cash and interest-bearing deposits	-	-	-	-	534,597	-	-	-	-	534,597	432,723			
Land	-	-	-	-	-	-	-	155,979	-	155,979	155,979			
Buildings	-	-	-	-	-	-	-	639,980	-	639,980	91,148			
Improvements other than buildings	-	-	-	-	-	-	-	121,157	-	121,157	85,830			
Equipment	-	-	-	-	-	-	-	1,268,724	-	1,268,724	1,049,032			
Utility property, plant and equipment	-	-	-	-	12,470,193	-	-	-	-	12,470,193	11,153,467			
Accumulated depreciation	-	-	-	-	(3,274,313)	-	-	-	-	(3,274,313)	(3,074,203)			
Amount available in debt service funds	-	-	-	-	-	-	-	-	-	760,805	735,185			
Amount to be provided for retirement of general long-term debt and compensated absences payable	-	-	-	-	-	-	-	-	3,322,132	3,322,132	3,710,518			
<b>Total assets and other debits</b>	<b>\$635,475</b>	<b>\$1,057,128</b>	<b>\$760,805</b>	<b>\$101,348</b>	<b>\$10,824,461</b>	<b>\$131,042</b>	<b>\$4,082,937</b>	<b>\$2,185,840</b>	<b>\$19,779,036</b>	<b>\$18,879,514</b>				

(Continued)

CITY OF MARKSVILLE, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups (Continued)  
June 30, 1998

	Governmental Fund Types				Fiduciary Fund Type Agency	Account Groups			Totals	
	General Fund	Special Revenue	Debt Service	Capital Projects		Proprietary Fund Type Enterprise	General		(Memorandum Only)	1997
							Fixed Assets	Long-Term Debt		
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>										
Liabilities:										
Accounts payable	\$ 15,338	\$ 1,991	\$ -	\$ -	\$ 17,935	\$ -	\$ -	\$ -	\$ 138,375	\$ 69,262
Contracts payable	-	45,232	-	-	-	-	-	-	45,232	158,257
Retainage payable	-	91,903	-	-	-	-	-	-	91,903	-
Accrued expenses	-	-	-	-	-	-	-	-	16,561	17,597
Due to other funds	39,651	1,631	-	-	85,575	-	-	-	138,227	95,860
Payable from restricted assets -										
Customers' deposits	-	-	-	-	242,491	-	-	-	242,491	224,530
Revenue bonds payable	-	-	-	-	42,899	-	-	-	42,899	42,464
Accrued Interest	-	-	-	-	17,237	-	-	-	17,237	18,375
General obligation bonds payable	-	-	-	-	-	-	4,028,000	-	4,028,000	4,385,000
Revenue bonds payable	-	-	-	-	1,831,826	-	-	-	1,831,826	1,874,671
Compensated absences payable	-	-	-	-	12,113	-	-	54,937	67,050	78,959
<b>Total liabilities</b>	<b>54,989</b>	<b>140,757</b>	<b>-</b>	<b>-</b>	<b>2,250,076</b>	<b>131,042</b>	<b>4,082,937</b>	<b>-</b>	<b>6,659,801</b>	<b>6,964,975</b>
Equity and other credits:										
Contributed capital (net of accumulated amortization)	-	-	-	-	6,473,360	-	-	-	6,473,360	5,307,966
Investment in general fixed assets	-	-	-	-	-	-	2,185,840	-	2,185,840	1,381,989
Retained earnings -										
Unreserved	-	-	-	-	1,946,093	-	-	-	1,946,093	1,849,414
Reserved for revenue bond retirement	-	-	-	-	154,932	-	-	-	154,932	134,555
Fund balances -										
Reserved for debt service	-	-	760,805	-	-	-	-	-	760,805	735,185
Designated for capital expenditures	-	-	-	101,348	-	-	-	-	101,348	120,206
Unreserved-undesignated	580,486	916,371	-	-	-	-	-	-	1,496,857	2,385,224
<b>Total equity and other credits</b>	<b>580,486</b>	<b>916,371</b>	<b>760,805</b>	<b>101,348</b>	<b>8,574,385</b>	<b>-</b>	<b>2,185,840</b>	<b>-</b>	<b>13,119,234</b>	<b>11,914,539</b>
<b>Total liabilities, equity and other credits</b>	<b>\$635,475</b>	<b>\$1,057,128</b>	<b>\$760,805</b>	<b>\$101,348</b>	<b>\$10,824,461</b>	<b>\$131,042</b>	<b>\$2,185,840</b>	<b>\$4,082,937</b>	<b>\$19,779,036</b>	<b>\$18,879,514</b>

The accompanying notes are an integral part of this statement.



CITY OF MARKSVILLE, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -  
All Governmental Fund Types  
Year Ended June 30, 1998

	General Fund	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)	
					1998	1997
<b>Revenues:</b>						
Taxes	\$ 224,994	\$ 1,673,840	\$113,007	\$ -	\$ 2,011,841	\$ 1,792,210
Licenses and permits	185,177	-	-	-	185,177	190,897
Intergovernmental	378,436	4,776	-	60,719	443,931	1,093,153
Miscellaneous	40,893	32,466	26,176	2,319	101,854	99,565
Total revenues	<u>829,500</u>	<u>1,711,082</u>	<u>139,183</u>	<u>63,038</u>	<u>2,742,803</u>	<u>3,175,825</u>
<b>Expenditures:</b>						
Current -						
General government	176,269	42,186	-	-	218,455	316,595
Public safety:						
Police	523,305	8,060	-	-	531,365	412,659
Fire	108,954	22,076	-	-	131,030	61,968
Streets and drainage	407,310	-	-	-	407,310	380,951
Capital outlay	65,382	1,516,230	-	140,808	1,722,420	1,333,077
Debt service -						
Principal retirement	-	-	357,000	-	357,000	290,000
Interest and fiscal charges	-	-	261,544	-	261,544	218,755
Other	-	-	1,144	-	1,144	1,815
Total expenditures	<u>1,281,220</u>	<u>1,588,552</u>	<u>619,688</u>	<u>140,808</u>	<u>3,630,268</u>	<u>3,015,820</u>
Excess (deficiency) of revenues over expenditures	<u>(451,720)</u>	<u>122,530</u>	<u>(480,505)</u>	<u>(77,770)</u>	<u>(887,465)</u>	<u>160,005</u>
<b>Other financing sources (uses):</b>						
Operating transfers in	742,000	5,307	529,052	58,912	1,335,271	1,065,304
Operating transfers out	-	(1,306,484)	(22,927)	-	(1,329,411)	(1,089,093)
Bond proceeds	-	-	-	-	-	1,520,000
Total other financing sources (uses)	<u>742,000</u>	<u>(1,301,177)</u>	<u>506,125</u>	<u>58,912</u>	<u>5,860</u>	<u>1,496,211</u>
Excess (deficiency) of revenues and other sources over expenditures other uses	290,280	(1,178,647)	25,620	(18,858)	(881,605)	1,656,216
Fund balances, beginning	<u>290,206</u>	<u>2,095,018</u>	<u>735,185</u>	<u>120,206</u>	<u>3,240,615</u>	<u>1,584,399</u>
Fund balances, ending	<u>\$ 580,486</u>	<u>\$ 916,371</u>	<u>\$760,805</u>	<u>\$101,348</u>	<u>\$ 2,359,010</u>	<u>\$ 3,240,615</u>

The accompanying notes are an integral part of this statement.

CITY OF MARKSVILLE, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Budget (GAAP Basis) and Actual -  
General, Special Revenue and Debt Service Funds  
Year Ended June 30, 1998

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:						
Taxes	\$ 239,000	\$ 224,994	\$ (14,006)	\$1,544,000	\$1,673,840	\$ 129,840
Licenses and permits	180,000	185,177	5,177	-	-	-
Intergovernmental	299,000	378,436	79,436	-	4,776	4,776
Fines and forfeits	4,500	-	(4,500)	-	-	-
Miscellaneous	37,000	40,893	3,893	11,600	32,466	20,866
Total revenues	<u>759,500</u>	<u>829,500</u>	<u>70,000</u>	<u>1,555,600</u>	<u>1,711,082</u>	<u>155,482</u>
Expenditures:						
Current -						
General government	200,375	176,269	24,106	13,700	42,186	(28,486)
Public safety:						
Police	403,300	523,305	(120,005)	-	8,060	(8,060)
Fire	148,800	108,954	39,846	-	22,076	(22,076)
Streets and drainage	394,200	407,310	(13,110)	-	-	-
Capital outlay	131,000	65,382	65,618	-	1,516,230	(1,516,230)
Debt service -						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total expenditures	<u>1,277,675</u>	<u>1,281,220</u>	<u>(3,545)</u>	<u>13,700</u>	<u>1,588,552</u>	<u>(1,574,852)</u>
Excess (deficiency) of revenues over expenditures	<u>(518,175)</u>	<u>(451,720)</u>	<u>66,455</u>	<u>1,541,900</u>	<u>122,530</u>	<u>(1,419,370)</u>
Other financing sources (uses):						
Operating transfers in	618,000	742,000	124,000	-	5,307	5,307
Operating transfers out	(100,000)	-	100,000	(1,983,390)	(1,306,484)	676,906
Total other financing sources (uses)	<u>518,000</u>	<u>742,000</u>	<u>224,000</u>	<u>(1,983,390)</u>	<u>(1,301,177)</u>	<u>682,213</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(175)</u>	<u>290,280</u>	<u>290,455</u>	<u>(441,490)</u>	<u>(1,178,647)</u>	<u>(737,157)</u>
Fund balances, beginning	<u>210,800</u>	<u>290,206</u>	<u>79,406</u>	<u>1,304,205</u>	<u>2,095,018</u>	<u>790,813</u>
Fund balances, ending	<u>\$ 210,625</u>	<u>\$ 580,486</u>	<u>\$369,861</u>	<u>\$ 862,715</u>	<u>\$ 916,371</u>	<u>\$ 53,656</u>

The accompanying notes are an integral part of this statement.

Debt Service Funds

Budget	Actual	Variance - Favorable (Unfavorable)
\$140,000	\$113,007	\$ (26,993)
-	-	-
-	-	-
-	-	-
20,600	26,176	5,576
<u>160,600</u>	<u>139,183</u>	<u>(21,417)</u>
-	-	-
-	-	-
-	-	-
-	-	-
337,000	357,000	(20,000)
208,028	261,544	(53,516)
1,900	1,144	756
<u>546,928</u>	<u>619,688</u>	<u>(72,760)</u>
<u>(386,328)</u>	<u>(480,505)</u>	<u>(94,177)</u>
526,430	529,052	2,622
<u>(20,600)</u>	<u>(22,927)</u>	<u>(2,327)</u>
<u>505,830</u>	<u>506,125</u>	<u>295</u>
119,502	25,620	(93,882)
<u>539,616</u>	<u>735,185</u>	<u>195,569</u>
<u>\$659,118</u>	<u>\$760,805</u>	<u>\$101,687</u>

CITY OF MARKSVILLE, LOUISIANA

Combined Statement of Revenues, Expenses, and Changes in Retained Earnings -  
 Proprietary Fund Type  
 Year Ended June 30, 1998  
 With Comparative Totals For the Year Ended June 30, 1997

	Enterprise	
	1998	1997
Operating revenues:		
Charges for services -		
Water charges	\$ 454,590	\$ 531,276
Sewerage charges	523,119	458,962
Total operating revenues	<u>977,709</u>	<u>990,238</u>
Operating expenses:		
Water system	434,072	405,270
Sewerage system	280,567	244,570
Depreciation	224,279	249,976
Total operating expenses	<u>938,918</u>	<u>899,816</u>
Operating income	<u>38,791</u>	<u>90,422</u>
Nonoperating revenues (expenses):		
Interest income	39,858	33,125
Interest expense	(88,580)	(91,466)
Total nonoperating revenues (expenses)	<u>(48,722)</u>	<u>(58,341)</u>
Income (loss) before operating transfers	<u>(9,931)</u>	<u>32,081</u>
Other financing sources (uses):		
Operating transfers in	-	34,792
Operating transfers out	(5,860)	(11,004)
Total other financing sources (uses)	<u>(5,860)</u>	<u>23,788</u>
Net (loss) income	(15,791)	55,869
Add: Depreciation on fixed assets acquired by federal grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital	<u>132,847</u>	<u>141,039</u>
Increase in retained earnings	117,056	196,908
Retained earnings, beginning	<u>1,983,969</u>	<u>1,787,061</u>
Retained earnings, ending	<u>\$2,101,025</u>	<u>\$1,983,969</u>

The accompanying notes are an integral part of this statement.

CITY OF MARKSVILLE, LOUISIANA

Combined Statement of Cash Flows  
 Proprietary Fund Type  
 Year Ended June 30, 1998  
 With Comparative Totals For the Year Ended June 30, 1997

	Enterprise	
	<u>1998</u>	<u>1997</u>
Cash flows from operating activities:		
Operating Income	\$ 38,791	\$ 90,420
Adjustments to reconcile net operating income to net cash provided by operating activities -		
Depreciation	224,279	249,976
Changes in current assets and liabilities:		
Decrease in accounts receivable	(7,629)	(8,611)
Increase in accounts payable	17,936	7,700
Increase (decrease) in compensated absences payable	(6,144)	5,034
Total adjustments	<u>228,442</u>	<u>254,099</u>
Net cash provided by operating activities	<u>267,233</u>	<u>344,519</u>
Cash flows from noncapital financing activities:		
Operating transfers in	<u>30,435</u>	<u>23,416</u>
Cash flows from capital and related financing activities:		
Proceeds from grants	1,298,241	25,000
Acquisition of property, plant and equipment	(1,340,896)	(9,580)
Principal paid on bonds	(42,409)	(36,285)
Interest paid on bonds	(89,718)	(92,091)
Proceeds from meter deposits, net	<u>17,961</u>	<u>13,635</u>
Net cash used by capital and related financing activities	<u>(156,821)</u>	<u>(99,321)</u>
Cash flows from investing activities:		
Interest collected on interest-bearing deposits	<u>39,857</u>	<u>33,125</u>
Net increase in cash and cash equivalents	180,704	301,739
Cash and cash equivalents, beginning	<u>1,317,875</u>	<u>1,016,136</u>
Cash and cash equivalents, ending	<u>\$ 1,498,579</u>	<u>\$ 1,317,875</u>

The accompanying notes are an integral part of this statement.

## CITY OF MARKSVILLE, LOUISIANA

### Notes to Financial Statements

#### INTRODUCTION

The City of Marksville was incorporated on June 1, 1937, by special act of the Louisiana Legislature in 1937 (Act 126), and operates under a special charter. 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 accounting and reporting policies of the City of Marksville conform to generally accepted accounting principles as applicable to governmental units on a consistent basis between periods. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units.

##### A. The Reporting Entity

Governmental Accounting Statement 14 established criteria for determining which component units should be considered part of the City of Marksville, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and:
  - a. the ability of the City 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 City.
2. Organizations for which the City does not appoint a voting majority, but are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if the data of the organization is not included because of the nature or significance of the relationship.

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

CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

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. Fund Accounting

The accounts of the City of Marksville are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The various funds are grouped, in the financial statements in this report, into six generic fund types and three broad fund categories as follows:

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

Governmental Fund Types –

General Fund

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

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for specified purposes.

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 Funds

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).

Proprietary Fund Type -

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 cost (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.



CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

Fiduciary Fund Type -

Agency Funds

Agency funds are used to account for assets held by the City as an agent for other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental funds are accounted for on a spending or "financial flow" measurement focus, and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. These assets are recorded as expenditures in the governmental fund types when purchased. The City has elected not to capitalize public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including streets, bridges, sidewalks, and drainage improvements. No depreciation has been provided on general fixed assets.

All purchased fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair market value on the date donated. Estimated amounts are immaterial in relation to total fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheet.

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

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues are recognized when they become measurable and available as current assets.

Sales tax are considered as "measurable" when in the hands of the Sales Tax Collector and are recognized as revenue at that time. Ad valorem taxes are recognized as revenue in the year in which such taxes are billed to taxpayers. Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues, charges for services, franchise fees and interest on investments. Licenses and permits are recognized when received because they are not objectively measurable. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that accumulated unpaid vacation and sick pay are not accrued and principal and interest on general long-term debt is recognized as an expenditure when due.

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance.

With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

Agency Fund assets and liabilities are accounted for on the modified accrual basis.

CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

D. Unbilled Utility Services

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.

E. Budget and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in these general-purpose financial statements:

1. The Mayor, Finance Chairman, and Secretary-Treasurer prepare a proposed budget and submit it to the City Council no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is 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 an ordinance 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 City Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the City Council. Such amendments were not material in relation to the original appropriations.
8. Budgetary control is exercised at the fund level.

CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City as an extension of formal budgetary integration in the funds.

G. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the City may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the City may invest in United States bonds, treasury notes or certificates. These are classified as investments if their original maturities exceed 90 days. Investments are stated at cost, which approximates market.

For purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

H. Bad Debts

Uncollectible amounts due for customers' utility receivables are recognized as bad debts when they are no longer deemed collectable at the time information becomes available which would indicate the uncollectibility of the particular receivable. Uncollectible amounts recorded in the year ended June 30, 1998 were \$9,084.

I. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

J. Inventories

Purchases of various operating supplies are regarded as expenditures at the time purchased. Inventories of such supplies (if any) are not recorded as assets at the end of the fiscal year due to immateriality.

K. Restricted Assets

Certain cash and investment balances in the enterprise funds are restricted because they represent customer meter deposits held on behalf of utility customers.

Also certain resources are set aside for repayment of enterprise fund revenue bonds and are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

L. Vacation And Sick Leave

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. It is paid upon termination or retirement.

For the governmental fund types, the City's liability for accumulated unpaid vacation has been recorded in the general long-term debt account group. For the proprietary fund type, the liability has been accrued within that fund. No payment is made for accrued and unused sick leave.

M. Fixed Assets

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on the proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives of the assets using the straight line method.

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

The estimated useful lives are as follow:

	Sewer System	Water System
Water wells	-	50
Water well improvements	-	10
Meters	-	50
Pumps, motors, compressors	5	50
Lines & other system installations	50	10
Vehicles & movable equipment	3-5	3-5
Office furniture & fixtures	10	10

The City follows the policy of capitalizing interest as a component of the cost of property, plant, and equipment constructed for its own use.

Depreciation expense on fixed assets used by proprietary funds for the fiscal year ended June 30, 1998 was \$224,279. At June 30, 1998 no capitalized interest was recorded in the financial statements. .

N. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developer's, customers, or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

O. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers of the primary government are reported as operating transfers.

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

P. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of charges in the City's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Q. Total Columns on Combined Statements

Total columns on the combined statements – overview are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Cash and Cash Equivalents

At June 30, 1998, the City has cash and cash equivalents (book balances) totaling \$3,832,037, as follows:

Cash on hand	\$ 205
Demand deoposits	3,831,832
Total	\$ 3,832,037

These deposits are state at cost, which approximates market. Under state law, these 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, 1998 the City has \$3,883,739 in deposits (bank balances). These deposits are secured from risk by \$400,000 of federal deposit insurance and \$3,345,991 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The remainder of the balances, \$137,748 was uninsured and uncollateralized as of June 30, 1998, which is a violation of state law.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement

CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

(3) Receivables

Accounts receivable in the enterprise funds consisted of the following at June 30, 1998:

Accounts -		
Water system fund		\$ 47,228
Sewer fund		<u>22,752</u>
		<u>69,980</u>
Unbilled -		
Water system fund		33,774
Sewer fund		<u>16,666</u>
		<u>50,440</u>
Total		<u><u>\$ 120,420</u></u>

Due from other governmental agencies at June 30, 1998 consisted of:

	General Fund	Special Revenue	Total
Tobacco tax	\$ 7,017	\$ -	\$ 7,017
Beer tax	4,243	-	4,243
Sales tax	-	138,012	138,012
Police fines	1,424	-	1,424
Video poker	11,261	-	11,261
Gaming share	29,046	-	29,046
Recreation park grant	12,380	-	12,380
Total	<u>\$ 65,371</u>	<u>\$ 138,012</u>	<u>\$ 203,383</u>



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

Other receivables in the general fund consisted of the following at June 30, 1998:

Cable franchise fee	\$ 4,837
Electric franchise fee	15,475
Total	<u>\$ 20,312</u>

(4) Interfund Receivables, Payables

Interfund receivables and payables at June 30, 1998 consisted of the following:

	Interfund Receivables	Interfund Payables
General fund	\$ 5,035	\$ 39,651
Special revenue funds:		
1 cent sales tax fund	1,631	-
1/2 cent sales tax fund	-	1,631
Capital projects fund:		
Sewer improvement project	15,636	-
Enterprise funds:		
Water system fund	3,158	52,502
Sewer system fund	6,424	33,073
Agency funds:		
Payroll clearing fund	3,401	11,370
Accounts payable clearing fund	102,942	-
Total	<u>\$ 138,227</u>	<u>\$ 138,227</u>

(5) Restricted Assets -- Proprietary Funds

Restricted assets consisted of the following accounts at June 30, 1998:

Customer meter deposits	\$ 260,748
Bond and interest	124,609
Bond reserve funds	80,891
Depreciation and contingencies funds	67,968
Sewer construction account	381
Total	<u>\$ 534,597</u>

CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(6) Changes in Fixed Assets

A summary of changes in general fixed assets for the year ended June 30, 1998 is as follows:

	Balance 6/30/97	Additions	Deletions	Balance 6/30/98
Land	\$ 155,979	\$ -	\$ -	\$ 155,979
Buildings	91,148	548,832	-	639,980
Improvements other than buildings	85,830	35,327	-	121,157
Equipment	1,049,032	277,245	57,553	1,268,724
Total general fixed assets	<u>\$ 1,381,989</u>	<u>\$861,404</u>	<u>\$ 57,553</u>	<u>\$ 2,185,840</u>

Summary of enterprise fund type property, plant and equipment at June 30, 1998 is as follows:

	Balance 6/30/97	Additions	Deletions	Balance 6/30/98
Land	\$ 87,021	\$ 23,180	\$ -	\$ 110,201
Equipment	169,324	-	32,807	136,517
Utility systems	10,884,660	1,117,737	-	12,002,397
Construction in progress	12,462	208,616	-	221,078
	11,153,467	1,349,533	32,807	12,470,193
Less:				
Accumulated depreciation	(3,074,203)	(224,279)	(24,169)	(3,274,313)
	<u>\$ 8,079,264</u>	<u>\$ 1,125,254</u>	<u>\$ 8,638</u>	<u>\$9,195,880</u>

Construction in progress of \$221,078, included in property, plant, and at June 30, 1998 represents expenditures on Sewer Systems Improvements accounted for in the Sewer System Fund, which is being financed by an \$800,000 Farmers Home Administration Grant. The project is expected to be completed during the fiscal year ended June 30, 1999.

CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(7) Interfund Transfers

Transfers between funds for the year ended June 30, 1998, were:

	Transfers in	Transfers out
	<hr/>	<hr/>
General Funds -		
1% Sales Tax Fund	\$ 262,000	\$ -
1/2% Sales Tax Fund	207,000	-
1/2% Public Safety Sales Tax Fund	273,000	-
Special Revenue Funds:		
1% Sales Tax Fund		
General Fund	-	262,000
Capital Outlay Fund	-	24,581
<i>Water and Sewer Bond Fund</i>	-	247,362
1/2% Sales Tax Fund -		
General Fund	-	207,000
Capital Outlay Fund	-	5,544
Street Improvement Bond Fund	-	143,000
1/2% Public Safety Sales Tax Fund -		
Public Safety	5,307	5,307
General Fund	-	273,000
1/2% Public Safety Bonds -	-	138,690
Debt Service Fund:		
Water and Sewer System Improvements Bonds -		
1% Sales Tax Fund	247,362	-
Capital Projects Fund	-	11,511
Street Improvement Bonds -		
1/2% Sales Tax Fund	143,000	-
Capital Outlay Funds	-	5,979
Public Safety Bonds -		
1/2% Public Safety Sales Tax Fund	138,690	-
Capital Outlay Fund	-	5,437
Capital Outlay Fund -		

CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

	<u>Transfers in</u>	<u>Transfers out</u>
Capital Projects Fund -		
Capital Outlay Fund:		
1% Sales Tax Fund	24,581	-
1/2% Sales Tax Fund	5,544	-
Sewer Utility Fund	349	-
Water Utility Fund	5,511	-
Water and Sewer Bond Fund	11,511	-
Street Improvement Bond Fund	5,979	-
1/2% Public Safety Bond Fund	5,437	-
Enterprise Funds -		
Sewer Utility Fund	-	349
Water System Fund	-	5,511
	<u>\$ 1,335,271</u>	<u>\$ 1,335,271</u>

(8) Changes in Long-term Debt

The following is a summary of long-term debt transactions of the City for the year ending June 30, 1998:

General Long-Term Debt

	Balance <u>6/30/97</u>	Additions	Deletions	Balance <u>6/30/98</u>
General obligation bonds	\$4,385,000	\$ -	\$ 357,000	\$4,028,000
Compensated absences	60,703	-	5,766	54,937
Total general long-term debt	<u>\$4,445,703</u>	<u>\$ -</u>	<u>\$ 362,766</u>	<u>\$4,082,937</u>

Proprietary Fund Debt

	Balance <u>6/30/97</u>	Additions	Deletions	Balance <u>6/30/98</u>
Revenue bonds	\$1,917,134	\$ -	\$ 42,409	\$1,874,725
Compensated absences	18,256	-	6,143	12,113
Total proprietary fund debt	<u>\$1,935,390</u>	<u>\$ -</u>	<u>\$ 48,552</u>	<u>\$1,886,838</u>

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

Long-Term debt payable at June 30, 1998 is comprised of the following:

General Obligation Bonds:

<p>\$700,000 Sewer System Improvement Bonds dated December 27, 1982, due in annual installments of \$39,000 to \$58,000 through December 27, 2003 interest 5% per annum. Funded by 1% sales tax revenues.</p>	<p>\$ 287,000</p>
<p>\$1,968,000 Water System Improvement Bonds dated December 27, 1982, due in annual installments of \$115,000 to \$146,000 through December 27, 2003; interest 5% per annum. Funded by 1% sales tax revenues.</p>	<p>780,000</p>
<p>\$1,100,000 Sales Tax Bonds, Series 1986 dated May 1, 1986 due in annual installments of \$105,000 to \$130,000 through May 1, 2001; interest at 11% - 7.70% per annum. Funded by 1/2% sales tax revenues.</p>	<p>355,000</p>
<p>\$329,900 Sewer System Improvement Bonds dated July 17, 1985 due in annual installments of \$20,000 to \$26,000 through July 17, 2003; interest 5% per annum. Funded by 1% sales tax revenues.</p>	<p>141,000</p>
<p>\$1,200,000 Sewer Improvement Bonds of Sewerage District Number One, dated August 1, 1992, due in annual installments of \$5,000 to \$100,000 through March 1, 2017; interest from 5.75% to 6.60% per annum. Funded by ad valorem taxes.</p>	<p>995,000</p>

CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

\$1,520,000 Sales Tax Bonds, Series 1997 dated February 1, 1997 due in annual installments of \$40,000 to \$120,000 through December 1, 2016; interest at 4.9% - 8% per annum. Funded by 1/2% sales tax revenues. 1,470,000

Total General Obligation Indebtedness \$ 4,028,000

Revenue Bonds:

\$1,100,000 Water Revenue Bonds, dated September 20, 1974 due to the Farmers' Home Administration in annual installments of \$30,000 to \$60,000 through January 1, 2014; interest at 5% annum; secured by and payable from proceeds of the water utility system. 705,000

\$1,200,000 Sewer Revenue Bonds, dated February 22, 1995 due to Farmers' Home Administration in 468 monthly installments of \$5,448 commencing March 1996 through February 2035; interest at 4 1/2% annum; secured by and payable from the proceeds of the sewer utility system. 1,169,725

Total Revenue Bonds Obligations 1,874,725

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:

Governmental funds	\$ 54,937
Proprietary funds	<u>12,113</u>
Total compensated absences payable	<u>\$ 67,050</u>

CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

The annual requirements to amortize all long-term debt (excluding compensated absences) outstanding at June 30, 1998 including interest payments of \$3,223,115 follows:

<u>Year Ending June 30</u>	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
1999	\$ 601,418	\$ 130,626	\$ 732,044
2000	606,595	129,126	735,721
2001	608,890	132,626	741,516
2002	474,265	130,876	605,141
2003	472,333	129,126	601,459
2004-2008	1,406,070	651,630	2,057,700
2009-2013	1,067,200	653,630	1,720,830
2014-2018	519,549	389,880	909,429
2019-2023	-	326,880	326,880
2024-2028	-	326,880	326,880
2029-2033	-	326,880	326,880
2034	-	41,360	41,360
	<u>\$ 5,756,320</u>	<u>\$ 3,369,520</u>	<u>\$ 9,125,840</u>

(9) 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 September 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 City bills and collects its own property taxes using the assessed values determined by the tax assessor of Avoyelles Parish.

For the year ended June 30, 1998, taxes of 12.78 mills were levied on property with assessed valuations totaling \$16,321,020 and were dedicated as follows:

General corporate purposes	5.83 mills
Debt service	6.95 mills

Total taxes levied were \$208,583. Ad valorem taxes receivables at June 30, 1998 was \$0.

(10) Dedication of Sales Tax Revenues and Sinking Fund Requirements

CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(10) Dedication of Sales Tax Revenues and Sinking Fund Requirements

A. 1% Sales and Use Tax

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

Collection of the 1% sales and use tax during the fiscal year ended June 30, 1998 totaled \$836,920.

Resolutions adopted by Mayor and Council on November 19, 1982 authorized the issuance of \$1,968,000 of Public Improvement Bonds; on March 8, 1993 authorizing the issuance of \$700,000 of Public Improvement Bonds; and on May 8, 1984 authorized the issuance of \$329,900 Public Improvement Bonds. These resolutions require that the avails of proceeds of the one percent (1%) sales and use tax shall be deposited with the City's regularly designated fiscal agent bank in a Sales Tax Fund. After payment of all reasonable and necessary costs and expenses of collecting the tax, certain transfers must be made from the Sales Tax Fund to the Sales Tax Bond Sinking Fund and the Sales Tax Bond Reserve Fund on a monthly basis on or before the 20<sup>th</sup> day of each month.

The transfers into the Sales Tax Bond Sinking Fund should be made in an amount equal to 1/12 of the total amount of principal and interest falling due in the ensuing year.

The transfers into the Sales Tax Bond Reserve Fund should be made in an amount equal to five percent (5%) of the amount paid into the Sinking Fund until there is one deposit the sum of \$241,500. For the fiscal year ended June 30, 1998, the City made all required transfers to the above funds.

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 to constructing, acquiring, extending, improving, operating and maintaining a sanitary landfill and solid waste disposal system for the City, including the purchase of the necessary equipment.



CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

The tax was levied as of January 1, 1981 and collections during the fiscal year ended June 30, 1998 totaled \$418,460.

On October 19, 1995, the City voted in a special election to approve the rededication of the ½% sales and use tax to be used for the purpose of constructing, acquiring, extending, improving and maintaining streets for the City, including incidental drainage thereto. This rededication came about as a result of a parish wide 1% sales tax to fund a parish wide solid waste disposal system thereby relieving the City of the need to maintain its own system.

The 1986 issue of \$1,100,000 of Sales Tax Bonds requires certain transfers to be made to a Sinking Fund and a Reserve Fund on a monthly basis. The transfers into the Sinking Fund should be made in an amount equal to 1/12 of the total amount of principal and interest falling due in the ensuing year. For the fiscal year ended June 30, 1998, the City made all required transfers to this fund.

There must be deposited and retained in the Reserve Fund a sum equal to the highest combined principal and interest requirements for any succeeding fiscal year which amounts to \$140,075. At June 30, 1998 the Reserve Fund balance totaled \$142,179.

½% Sales and Use 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 police protection and acquiring, constructing, improving, maintaining, and operating fire protection and police facilities and equipment.

The tax was levied effective October 1, 1996 and collections during the fiscal year ended June 30, 1998 totaled \$418,460.

Resolutions adopted by the Mayor and Council on October 15, 1996 authorized the issuance of \$1,520,000 of Sales Tax Bonds. The resolution requires that the avails of proceeds of the one-half (1/2) percent sales and use tax dedicated to public safety, shall be deposited with the City's regularly designated fiscal agent bank in a 1996 ½% Sales Tax Fund. After payment of all reasonable and necessary costs and expenses of collecting the tax, certain transfers must be made from the Sales Tax Fund to the 1997 Sales Tax Bond Sinking Fund on a monthly basis.

CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

The 1997 issue of \$1,520,000 of Sales Tax Bonds requires certain transfers to be made to a Sinking Fund on a monthly basis. The transfers into the Sinking Fund should be made in an amount equal to 1/12 of the total amount of principal and interest falling due in the ensuing year. For the fiscal year ended June 30, 1998, the City made all required transfers to this fund.

There must be deposited and retained in the Reserve Fund a sum equal to the highest combined principal and interest requirements for any succeeding fiscal year which amounts to \$126,180. The Reserve Fund was initially funded with \$127,980 from the bond proceeds. At June 30, 1998 the Reserve Fund balance totaled \$130,232.

(11) Flow of Funds: Restriction on Use -- Water System Revenues

Under the terms of the indenture for outstanding Water Revenue Bonds, all income and revenues of the Water System are pledged and dedicated to the retirement of said bonds and are to be deposited in a separate Revenue bond 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 Waterworks Revenue Bond and Interest Sinking Fund and to transfer thereto, no later than the 20<sup>th</sup> day of each month, 1/12 of the principal and interest falling due on January 1 of each year. During the fiscal year ended June 30, 1998 the City of Marksville made all required transfer to this fund.
3. To establish a Waterworks Reserve Fund and to transfer thereto, no later than the 20<sup>th</sup> day of each month, a sum at least equal to 5% of the amount to be paid into the Waterworks Revenue Bond and Interest Sinking Fund each month, until such time as there has been accumulated in the fund a sum of \$67,250. The money in this fund is to be retained solely for the purpose of paying the principal and interest on the Water Revenue bonds which cannot be paid from the sinking fund noted in the preceding paragraph. At June 30, 1998 the Waterworks Reserve Fund balance totaled \$71,937.
4. To establish a Waterworks Depreciation Fund to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the System, and to transfer thereto no later than the 20<sup>th</sup> day of each month, the sum of \$270. During the fiscal year ended June 30, 1998 the City of Marksville made all required transfers to this fund.
5. The balance of the excess funds on deposit in the Revenue Fund account, after payment of all items noted above, may used for the purposes of calling and/or paying bonds or for such other lawful corporate purposes as the governing authority of the City may determine, whether or not such purposes are related to the water system.

CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

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

(12) Flow of Funds: Restriction on Use – Sewer System Revenues

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

1. To pay all reasonable and necessary expenses of administering, operating, repairing, and insuring the system.
2. To establish a Sewer Revenue Bond and Interest Sinking Fund and to transfer thereto, no later than the 20<sup>th</sup> day of each month, the principal and interest falling due on the next principal and interest payment date. During the fiscal year ended June 30, 1998 the City of Marksville made all required transfers to this fund.
3. To establish a Sewer Reserve Fund and to transfer thereto, no later than the 20<sup>th</sup> day of each month, a sum at least equal to 5% of the amount to be paid into the Sewer Revenue Bond and Interest Sinking Fund each month, until such time as there has been accumulated in the fund a sum of \$65,376. The money in this fund is to be retained solely for the purpose of paying the principal and interest on the Sewer Revenue bonds which cannot be paid from the sinking fund noted in the preceding paragraph. The City began funding the Sewer Reserve Fund upon the completion and acceptance of the improvements and extensions financed with the proceeds of the bonds. As of June 30, 1998, the Sewer Revenue Bonds Reserve Fund Balance totaled \$8,954.
4. To establish a Sewer Revenue Bonds Contingency Fund to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the System, and to transfer thereto, no later than the 20<sup>th</sup> day of each month, the sum of \$297. The City began funding the Sewer Revenue Bonds Contingency Fund upon the completion and acceptance of the improvements and extensions financed with the proceeds of the bonds. As of June 30, 1998, the Sewer Revenue Bonds Contingency Fund totaled \$9,811.

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

CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

All or any part of the monies on reserve in any of the above funds may be invested in direct obligations of the United State 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.

(13) Retirement Commitments

All employees (excluding elected officials) of the City of Marksville are members of the social security system. The City Judge is a member of the Louisiana State Employees Retirement System and policemen are eligible to participate in the Municipal Police Employees Retirement System of Louisiana. These systems are multiple-employer (cost sharing), public employee retirement systems (PERS), controlled and administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Louisiana State Employees Retirement System

Plan Description –

The Louisiana State Employees' Retirement System provides retirement benefits as well as disability and survivor benefits. Benefits are established and amended by state statute. Benefits granted by the LASERS are guaranteed by the *State of Louisiana under provisions of the Louisiana Constitution of 1974*. The LASERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Louisiana State Employees' Retirement, Post Office 44213, Baton Rouge, Louisiana 70804-4213, or by calling (504) 922-0600.

Funding Policy –

Plan members of the City of Marksville are required by state statute to contribute 7.5 percent of their annual covered salary and the City of Marksville, is required to contribute at an actuarially determined rate. The current employer rate is 13 percent of annual covered payroll. The contributions requirements of plan members and the City of Marksville, are established and may be amended by state statute. As provided by state statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The employer contributions to the LASERS for the year ending June 30, 1998, 1997, and 1996, were \$317, \$357, and \$298, respectively, equal to the required contributions for each year.

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

B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description –

All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary over the 36 consecutive or Final-average salary in the employee's average salary over 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination.

The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Funding Policy –

Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the City of Marksville is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the City of Marksville, are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Marksville, contributions to the System for the years ending June 30, 1998, 1997, and 1996, were \$6,962, \$4,699, and \$2,218, respectively, equal to the required contributions for each year.

(14) Reservation and Designation of Fund Equity

A. Governmental Funds

The unreserved fund balances for governmental funds represent the amount available for the budgeting future operations. Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants

CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

that require that a portion of the fund balance be segregated or (2) to identify the portion of the fund balance that is not appropriable for future expenditures. *Designations are established to indicate tentative plans for financial resources utilization in a future period.* Specific reservations and designations of the fund balance accounts are summarized below.

*Reserved for Debt Service* – this reserve is created by the legal restriction of bond agreements requiring the City to segregate a portion of fund balance to service principal and interest payments on general obligation bonds.

*Designated for Subsequent Year Expenditures* – Fund balance of \$15,136 has been designated for construction expenditures relating to Department of Transportation and Development Grant Project #508-05-55, awarded for the purpose of replacing the sewer line on South Preston Street. This amount represents the excess grants receipts over project expenditures to date. The projects is expected to be resumed in the future. In the event that the funds are needed elsewhere, prior approval must be obtained from the Department of Transportation and Development before expended for an other purpose other than as designated.

B. Proprietary Funds

*Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distributions.*

Reservations of retained earnings of Enterprise Funds are created by increases in assets restricted for a certain use. These increases result from earnings on restricted assets and other interfund transfers to restricted accounts. Earnings on restricted assets are included in net income of the Enterprise Funds. When reserved retained earnings are increased there is an equal reduction to the portion of retained earnings that is unreserved. Designations are established to indicate tentative plans for financial resource utilization in a future period. Specific reservations and designations of retained earnings are described below:

*Reserved for Revenue Bond Retirement* – This represents amounts required to be held in sinking, reserve, and depreciation and contingency funds in accordance with the revenue bond agreements.

(15) 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 such agreements are as follows:

CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

A. Entergy

Effective October 14, 1980 for a period of twenty-five (25) years. Franchise fees 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. Fees are payable quarterly within thirty (30) days of the end of the quarter.

B. American Cable

Effective January 13, 1987 for a period of fifteen (15) years. The franchise fee is based on three percent (3%) of gross subscription receipts, less state sales taxes, federal excise tax and copyright received by the company within the City limits. Fees are payable to the City quarterly, by the 10<sup>th</sup> of the month following quarter end.

C. Entex, A Division of Arkla, Inc.

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

(16) Sewer System Upgrade Order

Presently the City of Marksville is under a court order issued by the Twelfth Judicial District Court for the Parish of Avoyelles, State of Louisiana to upgrade its sewer system. The total estimated cost of developing a sewer improvement plan to comply with this order is \$3,200,000.

During the fiscal year ended June 30, 1998, the City of Marksville completed sewer lift station renovations, sewer line repairs, and other sewer improvements on various phases. The City of Marksville is continuing to develop sewer improvements and has spent \$3,119,817 for sewer improvements since March 1996.

(17) 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 City will build, construct, and supply facilities capable of accepting 430,000 gallons of sewerage daily from the casino project. The Tribe will pay up to \$900,000 in aggregate to

CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

purchase necessary lands and construct facilities as required by the agreement. The Tribe will deposit \$1,000,000 in trust, from which the City will draw funds for the costs of the project.

Upon acceptance of a construction contract, the Tribe will pay the City \$100,000, which is non-refundable. When the sewer system begins accepting 90,000 gallons per day of sewage discharge from the casino project, the Tribe will pay the City \$100,000, which is non-refundable. When a certificate of substantial completion is issued, the Tribe will pay the City: \$100,000; \$12,000 per month for system operations; periodic testing; and future improvements as specified in the agreement.

The City's obligation to accept sewage from the casino project will be for 15 years from the date the City begins accepting sewage under the agreement. An addendum to the agreement specifying commencement and ending dates will be signed within the first 10 days of acceptance by the City.

As of June 30, 1998, and until the sewerage project is complete and the substantial completion certificate signed, the City will continue to accept sewage from the casino project under the provisions of the Thirty Day Sewage Agreement dated July 18, 1994, which provides for the following:

The Tribe will pay a charge of \$14,150 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 amounts excess 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 sewage discharge from the casino project.

Bids were accepted on January 6, 1997, for the construction of the sewer improvements as required by the agreement. However, as of June 30, 1998 a contract was not executed for the construction project, as the City is still in the process of acquiring the necessary easements for the construction project.

B. Sales Tax Collection Agreement

On June 15, 1993, the City of Marksville entered into an intergovernmental agreement with the Avoyelles Parish School Board 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 ½% of the gross tax revenues collected by the School Board. The School Board will remit the sales tax collections to the City of Marksville on a monthly basis no later than the 10<sup>th</sup> day of each month after reasonable and necessary cost and expenses of



CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

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, 1998.

(18) Compensation of Elected Officials

A detail of compensation paid to elected officials for the year ended June 30, 1998 follows:

	<u>Compensation</u>	<u>Term Expires</u>
John Ed Laborde, Mayor	\$ 3,730	June 30, 1998
Council members:		
Malcolm Baudin, Mayor Pro Tem	2,110	June 30, 2002
Janet Gros	2,110	June 30, 2002
Madeline McGlory	2,110	June 30, 2002
Alfred W. Channel	2,110	June 30, 2002
Dennis Decuir	2,110	June 30, 2002
	<u>\$ 14,280</u>	

(19) Federal Financial Assistance

In April 1993, the City was awarded a Land and Water Conservation Fund Project Grant for a 50% match up to \$37,095 for expenditures incurred in the development of a recreation park. The grant expired on December 31, 1997. During the year ended June 30, 1998 the City was reimbursed \$17,385.

The City was awarded a 1995 LCDBG grant in the amount of \$962,365 for sewer system upgrades, extensions and repairs. During the year ended June 30, 1998, the City had expended \$60,719 on the East Side Sewer Project and received drawdowns in the same amount from the grant.

During the year ended June 30, 1998, the City received \$191,000 of federal grant money from FHA for sewer upgrades.

During the year ended June 30, 1998, the City received \$4,776 from the Department of Justice for the purchase of police equipment.

(20) Contingencies

The City has elected not to carry general liability insurance coverage and is presently carrying only auto liability, property insurance and workmen's compensation insurance. The potential loss to the City of Marksville for any damage awarded under uninsured claims is

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

undeterminable. At June 30, 1998, any pending litigation or unsettled claims against the City of Marksville were immaterial.

(21) Expenditures in Excess of Appropriations

The following funds had expenditures in excess of budgeted appropriations:

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General Fund	\$ 1,277,675	\$ 1,281,220	\$ (3,545)
Special Revenue Funds -			
1% Sales Tax Fund	8,000	521,330	(513,330)
1/2% Sales Tax Fund	5,700	253,294	(247,594)
1/2% Public Safety Sales Tax Fund	-	813,928	(813,928)
Debt Service Funds -			
Water and Sewer Improvement Bond	207,700	235,753	(28,053)
Street Improvement Bonds	135,460	135,660	(200)
Sewer Improvement Bonds	108,678	109,073	(395)
Public Safety Bonds	95,090	139,202	(44,112)

(22) Segment Information for the Enterprise Funds

The City maintains two enterprise funds: (1) Sewer Fund and (2) Water Fund. Segment information for the year ended June 30, 1998 was as follows:

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Operating Revenues	\$ 454,590	\$ 523,119	\$ 977,709
Depreciation	126,921	97,358	224,279
Operating income (loss)	47,102	(8,311)	38,791
Operating transfers	(349)	(5,511)	(5,860)
Net Income (loss)	13,112	(28,903)	(15,791)
Current capital contributions	191,000	-	191,000
Plant and equipment additions	1,316,880	48,364	1,365,244
Plant and equipment deletions	(8,290)	(15,444)	(23,734)
Net working capital	598,396	392,178	990,574
Total Asssets	7,283,042	3,541,419	10,824,461
Long term bonds payable	1,156,826	675,000	1,831,826
Total equity	6,034,557	2,539,828	8,574,385

CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(23) Year 2000 Issue (Unaudited)

The Year 2000 issue consists of two shortcomings of electronic data processing systems that make the systems unable to process year-date data accurately beyond the year 1999. The first shortcoming is the result of computer programs being written with date fields consisting of two characters instead of four characters under assumption that the first two characters of a date field would always be 19. Accordingly, subsequent to December 31, 1999, any date sensitive computer systems or embedded chips may recognize the two character year "00" as the year 1900 rather than the year 2000 and process data inaccurately or cease processing altogether. The second shortcoming is that the algorithm used in some computer systems for calculating leap years is unable to detect that the year 2000 is a leap year. Therefore, systems may not register the additional day and date calculations may be incorrect.

The City is utilizing both internal and external resources to identify and test the systems for the Year 2000 compliance. The City does not anticipate any significant expenditures to achieve compliance.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the City is or will be Year 2000 compliant, and that City's remediation efforts will be successful in whole or in part, or that the parties with whom the City transacts business will be Year 2000 compliant.

SUPPLEMENTAL INFORMATION

SCHEDULES OF INDIVIDUAL FUNDS AND ACCOUNT GROUPS

## GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

CITY OF MARKSVILLE, LOUISIANA  
General Fund

Comparative Balance Sheet  
June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
<b>ASSETS</b>		
Cash and interest-bearing deposits	\$ 544,757	\$ 238,652
Receivables -		
Due from other funds	5,035	4,771
Due from other governmental agencies	65,371	56,733
Other - franchise taxes	<u>20,312</u>	<u>28,165</u>
 TOTAL ASSETS	 <u>\$ 635,475</u>	 <u>\$ 328,321</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities -		
Accounts payable	\$ 15,338	\$ -
Due to other funds	<u>39,651</u>	<u>38,115</u>
Total liabilities	54,989	38,115
 Fund Balance -		
Unreserved - undesignated	<u>580,486</u>	<u>290,206</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 635,475</u>	 <u>\$ 328,321</u>

CITY OF MARKSVILLE, LOUISIANA  
General Fund

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances  
Years Ended June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Revenues:		
Taxes	\$ 224,994	\$ 221,209
Licenses and permits	185,177	190,897
Intergovernmental	378,436	243,494
Miscellaneous	40,893	34,459
Total revenues	<u>829,500</u>	<u>690,059</u>
 Expenditures:		
Current -		
General government	176,269	149,217
Public safety:		
Police	523,305	412,470
Fire	108,954	56,981
Streets and drainage	407,310	380,951
Capital outlay	65,382	44,148
Total expenditures	<u>1,281,220</u>	<u>1,043,767</u>
 Deficiency of revenues over expenditures	 (451,720)	 (353,708)
 Other financing sources:		
Operating transfers in	<u>742,000</u>	<u>401,489</u>
 Excess of revenues and other sources over expenditures	 290,280	 47,781
 Fund balances, beginning	 <u>290,206</u>	 <u>242,425</u>
 Fund balances, ending	 <u><u>\$ 580,486</u></u>	 <u><u>\$ 290,206</u></u>



CITY OF MARKSVILLE, LOUISIANA  
General Fund

Statement of Revenues - Budget (GAAP Basis) and Actual  
Year Ended June 30, 1998  
With Comparative Actual Amounts for the Year Ended June 30, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
<b>TAXES -</b>				
Ad valorem tax	\$ 88,000	\$ 94,801	\$ 6,801	\$ 89,621
Franchise fees:				
Electric	81,000	69,900	(11,100)	66,687
Cable TV	20,500	18,704	(1,796)	21,898
Gas	43,000	33,479	(9,521)	36,108
Chain store tax	6,500	8,110	1,610	6,895
Total taxes	<u>239,000</u>	<u>224,994</u>	<u>(14,006)</u>	<u>221,209</u>
<b>LICENSES AND PERMITS -</b>				
Occupational	175,000	181,428	6,428	184,151
Building permits	5,000	3,749	(1,251)	6,746
Total licenses and permits	<u>180,000</u>	<u>185,177</u>	<u>5,177</u>	<u>190,897</u>
<b>INTERGOVERNMENTAL -</b>				
Federal grants	-	17,385	17,385	12,380
State grants	-	75,000	75,000	10,000
Tobacco taxes	28,000	28,069	69	28,069
Beer taxes	17,500	17,575	75	18,341
2% Fire insurance commission	16,500	27,312	10,812	13,428
Fire district tax	-	11,411	11,411	10,438
Video poker	37,000	54,921	17,921	41,946
Indian gaming taxes	200,000	123,943	(76,057)	106,166
Housing auth.-In lieu of taxes	-	21,920	21,920	-
Rural fire	-	900	900	1,200
Other	-	-	-	1,526
Total intergovernmental	<u>299,000</u>	<u>378,436</u>	<u>79,436</u>	<u>243,494</u>
<b>FINES AND FORFEITS</b>	<u>4,500</u>	<u>-</u>	<u>(4,500)</u>	<u>-</u>
<b>MISCELLANEOUS -</b>				
Interest income	25,000	6,256	(18,744)	1,542
Miscellaneous	12,000	34,637	22,637	32,917
Total miscellaneous	<u>37,000</u>	<u>40,893</u>	<u>3,893</u>	<u>34,459</u>
<b>Total revenues</b>	<u><u>\$759,500</u></u>	<u><u>\$829,500</u></u>	<u><u>\$ 70,000</u></u>	<u><u>\$690,059</u></u>

CITY OF MARKSVILLE, LOUISIANA  
General Fund

Statement of Expenditures - Budget (GAAP Basis) and Actual  
Year Ended June 30, 1998  
With Comparative Actual Amounts for the Year Ended June 30, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
<b>GENERAL GOVERNMENT -</b>				
Salaries-administrative	\$ 56,500	\$ 57,528	\$ (1,028)	\$ 45,629
Salaries-exec., council, atty.	17,500	16,145	1,355	15,636
Payroll taxes & employee benefits	5,000	5,666	(666)	4,007
Legal & professional	22,000	23,836	(1,836)	24,673
Insurance	2,000	4,620	(2,620)	1,149
Group insurance	2,500	2,576	(76)	2,000
Retirement	-	317	(317)	-
Stationary & printing	20,500	6,574	13,926	12,667
Dues & subscriptions	1,500	1,837	(337)	1,382
Fireworks & Christmas	2,000	10,999	(8,999)	1,140
Telephone	4,500	4,280	220	4,139
Utilities	5,500	4,296	1,204	9,152
Tax assessor fees	875	969	(94)	872
Autopsies	500	1,400	(900)	-
Office supplies	-	6,822	(6,822)	4,075
City hall expenses	500	130	370	506
City court expenses	-	8,196	(8,196)	8,357
Convention & travel	2,500	2,774	(274)	2,864
Recreation & culture	50,000	4,867	45,133	4,749
Parts & repair	-	2,634	(2,634)	438
Elections	6,000	8,854	(2,854)	5,435
Miscellaneous	500	949	(449)	347
Total general government	<u>200,375</u>	<u>176,269</u>	<u>24,106</u>	<u>149,217</u>
<b>POLICE PROTECTION -</b>				
Salaries	275,000	364,805	(89,805)	282,536
Payroll taxes & employee benefits	22,000	30,372	(8,372)	23,424
Legal & Professional	500	2,677	(2,177)	235
Insurance	21,900	19,601	2,299	21,770
Group insurance	5,500	5,152	348	4,501
Retirement	5,000	6,962	(1,962)	3,927
Dues & subscriptions	1,200	1,856	(656)	1,659
Fuel	18,500	22,106	(3,606)	17,637
Parts & repair	35,000	35,577	(577)	33,460
Stationary & printing	200	461	(261)	486
Uniforms	5,000	8,350	(3,350)	8,676
Prisoner costs	6,000	7,228	(1,228)	5,540
Office supplies	3,500	5,617	(2,117)	3,364
Telephone	1,000	1,690	(690)	1,216
Claims & judgements	-	890	(890)	-
Schooling	2,500	9,450	(6,950)	3,198
Convention & travel	500	511	(11)	100
Miscellaneous	-	-	-	741
Total police protection	<u>403,300</u>	<u>523,305</u>	<u>(120,005)</u>	<u>412,470</u>

(Continued)

CITY OF MARKSVILLE, LOUISIANA  
General Fund

Statement of Expenditures - Budget (GAAP Basis) and Actual (Continued)  
Year Ended June 30, 1998  
With Comparative Actual Amounts for the Year Ended June 30, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
<b>FIRE PROTECTION -</b>				
Salaries	\$ 111,000	\$ 44,203	\$ 66,797	\$ 16,200
P/R taxes & employee benefits	9,000	3,604	5,396	15,636
Fireworks & Christmas	2,500	3,318	(818)	2,337
Supplies	6,000	-	6,000	-
Legal & Professional	-	-	-	300
Insurance	7,500	12,464	(4,964)	5,617
Group insurance	1,200	1,288	(88)	1,000
Dues & subscriptions	100	-	100	50
Fuel	1,000	1,456	(456)	1,312
Parts & repair	7,500	23,044	(15,544)	7,296
Uniforms	-	3,732	(3,732)	467
Office supplies	2,000	222	1,778	598
Telephone	-	833	(833)	57
Utilities	-	735	(735)	-
Volunteer fireman supplies	-	12,683	(12,683)	5,126
Schooling	1,000	1,324	(324)	785
Miscellaneous	-	48	(48)	200
Total fire protection	<u>148,800</u>	<u>108,954</u>	<u>39,846</u>	<u>56,981</u>
<b>STREETS &amp; DRAINAGE -</b>				
Salaries	147,000	163,776	(16,776)	147,178
P/R taxes & employee benefits	17,000	12,351	4,649	11,259
Legal & Professional	-	1,183	(1,183)	-
Insurance	23,500	14,967	8,533	23,310
Group insurance	8,000	7,728	272	6,751
Fireworks & Christmas	2,500	100	2,400	6,506
Claims & judgements	-	2,500	(2,500)	-
Fuel	1,200	11,612	(10,412)	11,433
Parts & repair	115,000	126,958	(11,958)	105,558
Street lights	53,000	53,055	(55)	50,352
Materials & supplies	11,000	9,652	1,348	10,945
Recreation & culture	3,000	-	3,000	4,281
Dog control & pound	3,000	3,276	(276)	3,347
Airport authority	10,000	-	10,000	-
Miscellaneous	-	152	(152)	31
Total streets and drainage	<u>394,200</u>	<u>407,310</u>	<u>(13,110)</u>	<u>380,951</u>
<b>CAPITAL OUTLAY -</b>				
General government	100,000	5,750	94,250	24,761
Police	26,000	-	26,000	189
Fire	5,000	4,488	512	19,198
Streets and drainage	-	55,144	(55,144)	-
Total capital outlay	<u>131,000</u>	<u>65,382</u>	<u>65,618</u>	<u>44,148</u>
 Total expenditures	 <u>\$1,277,675</u>	 <u>\$1,281,220</u>	 <u>\$ (3,545)</u>	 <u>\$1,043,767</u>

## SPECIAL REVENUE FUNDS

1 % Sales Tax Fund - To account for the receipt and use of proceeds of the City's 1 % sales and use tax. These taxes are dedicated to and used for the purpose of paying principal and interest on any bonded debt or funded indebtedness of the City and for purposes of constructing, acquiring, extending, improving, operating and/or maintaining sewers and sewerage disposal facilities, and streets, or any one or more of said purposes.

1/2 % Public Safety Sales Tax Fund - To account for the receipt and use of proceeds of the City's 1/2 % sales and use tax. These taxes are dedicated to and used for the purpose of paying principal and interest on any bonded debt or funded indebtedness of the City and for purposes of constructing, acquiring, extending, improving and maintaining streets for the City, including incidental drainage thereto.

1/2 % Sales Tax Fund - To account for the receipt and use of proceeds of the City's 1/2 % sales and use tax. These taxes are dedicated to and used for the purpose of paying principal and interest on any bonded debt or funded indebtedness of the City and for purposes of payment of salaries and other personnel costs related to fire protection and police protection and acquiring, constructing, improving, maintaining, and operating fire and police facilities and equipment.

CITY OF MARKSVILLE, LOUISIANA  
Special Revenue Funds

Combining Balance Sheet  
June 30, 1998

With Comparative Totals for June 30, 1997

	1% Sales Tax Fund	1/2% Sales Tax Fund	1/2% Public Safety Sales Tax	Totals 1998	Totals 1997
<b>ASSETS</b>					
Cash and interest-bearing deposits	\$593,932	\$44,596	\$278,957	\$ 917,485	\$1,968,233
Receivables -					
Due from other funds	1,631	-	-	1,631	1,631
Due from other governmental agencies: Avoyelles Parish School Board - sales taxes	69,006	34,503	34,503	138,012	128,604
Total assets	\$664,569	\$79,099	\$313,460	\$1,057,128	\$2,098,468
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts payable	\$ 995	\$ 498	\$ 498	\$ 1,991	\$ 1,819
Contracts payable	-	-	45,232	45,232	-
Retainage payable	37,020	-	54,883	91,903	-
Due to other funds	-	1,631	-	1,631	1,631
Total liabilities	38,015	2,129	100,613	140,757	3,450
Fund balance:					
Unreserved, undesignated	626,554	76,970	212,847	916,371	2,095,018
Total liabilities and fund balance	\$664,569	\$79,099	\$313,460	\$1,057,128	\$2,098,468

CITY OF MARKSVILLE, LOUISIANA  
Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 1998  
With Comparative Totals for the Year Ended June 30, 1997

	1% Sales Tax Fund	1/2% Sales Tax Fund	1/2% Public Safety Sales Tax	Totals
	1998	1997	1998	1997
<b>Revenues:</b>				
Taxes	\$836,920	\$418,460	\$ 418,460	\$1,673,840
Intergovernmental - federal grant	-	-	4,776	4,776
Miscellaneous	22,771	2,160	7,535	32,466
Total revenues	<u>859,691</u>	<u>420,620</u>	<u>430,771</u>	<u>1,711,082</u>
<b>Expenditures:</b>				
Current -				
General government	21,095	12,662	8,429	42,186
Public safety -				
Police	-	-	8,060	8,060
Fire	-	-	22,076	22,076
Capital outlay -				
Police	-	-	128,468	128,468
Fire	-	-	646,895	646,895
Highways and streets	500,235	240,632	-	740,867
Total expenditures	<u>521,330</u>	<u>253,294</u>	<u>813,928</u>	<u>1,588,552</u>
Excess (deficiency) of revenues over expenditures	<u>338,361</u>	<u>167,326</u>	<u>(383,157)</u>	<u>122,530</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	-	-	5,307	5,307
Operating transfers out	(533,943)	(355,544)	(416,997)	(1,306,484)
Bond proceeds	-	-	-	1,520,000
Total other financing sources (uses)	<u>(533,943)</u>	<u>(355,544)</u>	<u>(411,690)</u>	<u>482,965</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(195,582)</u>	<u>(188,218)</u>	<u>(794,847)</u>	<u>1,398,139</u>
Fund balance, beginning	<u>822,136</u>	<u>265,188</u>	<u>1,007,694</u>	<u>696,879</u>
Fund balance, ending	<u>\$626,554</u>	<u>\$ 76,970</u>	<u>\$ 212,847</u>	<u>\$2,095,018</u>

CITY OF MARKSVILLE, LOUISIANA  
Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget (GAAP Basis) and Actual  
Year Ended June 30, 1998

	1% Sales Tax Fund			1/2% Sales Tax Fund		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$784,000	\$836,920	\$ 52,920	\$380,000	\$418,460	\$ 38,460
Intergovernmental - federal grant	-	-	-	-	-	-
Miscellaneous	5,000	22,771	17,771	6,600	2,160	(4,440)
Total revenues	<u>789,000</u>	<u>859,691</u>	<u>70,691</u>	<u>386,600</u>	<u>420,620</u>	<u>34,020</u>
<b>Expenditures:</b>						
Current -						
General government	8,000	21,095	(13,095)	5,700	12,662	(6,962)
Police	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Capital outlay -						
Police	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Highways and streets	-	500,235	(500,235)	-	240,632	(240,632)
Total expenditures	<u>8,000</u>	<u>521,330</u>	<u>(513,330)</u>	<u>5,700</u>	<u>253,294</u>	<u>(247,594)</u>
Excess of revenues over expenditures	<u>781,000</u>	<u>338,361</u>	<u>(442,639)</u>	<u>380,900</u>	<u>167,326</u>	<u>(213,574)</u>
<b>Other financing sources (uses)</b>						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	(960,750)	(533,943)	426,807	(643,460)	(355,544)	287,916
Total other financing sources (uses)	<u>(960,750)</u>	<u>(533,943)</u>	<u>426,807</u>	<u>(643,460)</u>	<u>(355,544)</u>	<u>287,916</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(179,750)	(195,582)	(15,832)	(262,560)	(188,218)	74,342
Fund balance, beginning	<u>905,821</u>	<u>822,136</u>	<u>(83,685)</u>	<u>268,530</u>	<u>265,188</u>	<u>(3,342)</u>
Fund balance, ending	<u>\$726,071</u>	<u>\$626,554</u>	<u>\$(99,517)</u>	<u>\$ 5,970</u>	<u>\$ 76,970</u>	<u>\$ 71,000</u>

1/2% Public Safety Sales Tax			Totals		
Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
\$380,000	\$ 418,460	\$ 38,460	\$ 1,544,000	\$ 1,673,840	\$ 129,840
-	4,776	4,776	-	4,776	4,776
-	7,535	7,535	11,600	32,466	20,866
<u>380,000</u>	<u>430,771</u>	<u>50,771</u>	<u>1,555,600</u>	<u>1,711,082</u>	<u>155,482</u>
-	8,429	(8,429)	13,700	42,186	(28,486)
-	8,060	(8,060)	-	8,060	(8,060)
-	22,076	(22,076)	-	22,076	(22,076)
-	128,468	(128,468)	-	128,468	(128,468)
-	646,895	(646,895)	-	646,895	(646,895)
-	-	-	-	740,867	(740,867)
-	<u>813,928</u>	<u>(813,928)</u>	<u>13,700</u>	<u>1,588,552</u>	<u>(1,574,852)</u>
<u>380,000</u>	<u>(383,157)</u>	<u>(763,157)</u>	<u>1,541,900</u>	<u>122,530</u>	<u>(1,419,370)</u>
-	5,307	5,307	-	5,307	5,307
<u>(379,180)</u>	<u>(416,997)</u>	<u>(37,817)</u>	<u>(1,983,390)</u>	<u>(1,306,484)</u>	<u>676,906</u>
<u>(379,180)</u>	<u>(411,690)</u>	<u>(32,510)</u>	<u>(1,983,390)</u>	<u>(1,301,177)</u>	<u>682,213</u>
820	(794,847)	(795,667)	(441,490)	(1,178,647)	(737,157)
<u>129,854</u>	<u>1,007,694</u>	<u>877,840</u>	<u>1,304,205</u>	<u>2,095,018</u>	<u>790,813</u>
<u>\$130,674</u>	<u>\$ 212,847</u>	<u>\$ 82,173</u>	<u>\$ 862,715</u>	<u>\$ 916,371</u>	<u>\$ 53,656</u>



## DEBT SERVICE FUNDS

Water and Sewer System Improvement Bonds - To accumulate monies for repayment of the \$1,968,000 Water System Improvements 1982-B series bonds, \$700,000 Sewer System Improvement 1982-A series bonds and the \$329,900 Sewer System Improvement 1985-A series bonds, which are to be paid from 1% Sales Tax Fund revenues for which proceeds were dedicated to water, sewer or street improvements.

Street Improvement Bonds - To accumulate monies for repayment of the \$1,100,000 Sales Tax Bonds, Series 1986, which are to be paid from the 1/2% Sales Tax Fund revenues for which proceeds were dedicated to street improvements.

Sewer Improvement Bonds - To accumulate monies for repayment of the \$1,200,000 Sewer System Improvements, Series 1992, which are financed by a dedicated property tax levy.

Public Safety Bonds - To accumulate monies for repayment of the \$1,520,000 Sales Tax Bonds, Series 1987, which are to be paid from 1/2% Sales Tax Fund revenues for which proceeds were dedicated to acquiring, constructing, maintenance, and operating of fire and police protection for the City.

CITY OF MARKSVILLE, LOUISIANA  
Debt Service Funds

Combining Balance Sheet  
June 30, 1998

With Comparative Totals for June 30, 1997

	<u>Water &amp; Sewer Improv. Bond</u>	<u>Street Improv. Bond</u>	<u>Sewer Improv. Bond</u>	<u>Public Safety Bonds</u>	<u>Totals</u>
	1998	1998	1998	1998	1997
<b>ASSETS</b>					
Cash and interest-bearing deposits	<u>\$345,598</u>	<u>\$174,934</u>	<u>\$ 76,442</u>	<u>\$163,831</u>	<u>\$735,185</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balance - Reserved for debt service	<u>345,598</u>	<u>174,934</u>	<u>76,442</u>	<u>163,831</u>	<u>735,185</u>
Total liabilities and fund balance	<u>\$345,598</u>	<u>\$174,934</u>	<u>\$ 76,442</u>	<u>\$163,831</u>	<u>\$735,185</u>

CITY OF MARKSVILLE, LOUISIANA  
Debt Service Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 1998  
With Comparative Totals for the Year Ended June 30, 1997

	Water & Sewer	Street	Sewer	Public Safety	Totals
	Improv. Bond	Improv. Bond	Improv. Bond	Bonds	1998
<b>Revenues:</b>					
Ad valorem taxes	\$ -	\$ -	\$113,007	\$ -	113,007
Miscellaneous -					
Interest income	11,651	6,187	2,233	6,105	26,176
Total revenues	<u>11,651</u>	<u>6,187</u>	<u>115,240</u>	<u>6,105</u>	<u>139,183</u>
<b>Expenditures:</b>					
Debt service-					
Principal retirement	167,000	100,000	40,000	50,000	357,000
Interest	68,750	35,660	67,932	89,202	261,544
Other	3	-	1,141	-	1,144
Total expenditures	<u>235,753</u>	<u>135,660</u>	<u>109,073</u>	<u>139,202</u>	<u>619,688</u>
Excess (deficiency) of revenues over expenditures	<u>(224,102)</u>	<u>(129,473)</u>	<u>6,167</u>	<u>(133,097)</u>	<u>(480,505)</u>
Other financing sources (uses):					
Operating transfers in	247,362	143,000	-	138,690	529,052
Operating transfers out	(11,511)	(5,979)	-	(5,437)	(22,927)
Total other financial sources (uses)	<u>235,851</u>	<u>137,021</u>	<u>-</u>	<u>133,253</u>	<u>506,125</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	11,749	7,548	6,167	156	25,620
Fund balances, beginning	<u>333,849</u>	<u>167,386</u>	<u>70,275</u>	<u>163,675</u>	<u>735,185</u>
Fund balances, ending	<u>\$345,598</u>	<u>\$174,934</u>	<u>\$ 76,442</u>	<u>\$163,831</u>	<u>\$760,805</u>



## CAPITAL PROJECTS FUNDS

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

1992 Sewer Project Fund - To account for monies appropriated from various sources to be used to finance the acquisitions and construction of sewer system upgrades and improvements primarily in Sewer District No. 1.

East Side Sewer Capital Project - To accumulate for monies received through a Demonstrated Needs Louisiana Community Development Block Grant for sewer line replacement, repairs, and extensions in the City. As of June 30, 1998, this fund had no assets or liabilities.

CITY OF MARKSVILLE, LOUISIANA  
Capital Projects Funds

Combining Balance Sheet  
June 30, 1998  
With Comparative Totals for June 30, 1997

	Capital Outlay Fund	1992 Sewer Project	East Side Sewer Cap Project	Totals	
				1998	1997
<b>ASSETS</b>					
Cash and interest-bearing deposits	\$ 85,712	\$ -	\$ -	\$ 85,712	\$104,570
Receivables -					
Due from other funds	-	15,636	-	15,636	15,636
Due from other governmental agencies	-	-	-	-	159,000
	<u>\$ 85,712</u>	<u>\$ 15,636</u>	<u>\$ -</u>	<u>\$101,348</u>	<u>\$279,206</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities -					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 743
Contracts payable	-	-	-	-	158,257
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>159,000</u>
Fund balances:					
Unreserved -					
Designated for capital expenditures	85,712	15,636	-	101,348	120,206
	<u>85,712</u>	<u>15,636</u>	<u>-</u>	<u>101,348</u>	<u>120,206</u>
Total liabilities and fund balances	<u>\$ 85,712</u>	<u>\$ 15,636</u>	<u>\$ -</u>	<u>\$101,348</u>	<u>\$279,206</u>

CITY OF MARKSVILLE, LOUISIANA  
Capital Projects Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 1998  
With Comparative Totals for the Year Ended June 30, 1997

	Capital Outlay Fund	1992 Sewer Project Fund	East Side Sewer Cap Project	Totals 1998	Totals 1997
Revenues:					
Miscellaneous	\$ 2,319	\$ -	\$ -	\$ 2,319	\$ 2,555
Intergovernmental	-	-	60,719	60,719	849,659
Total revenues	<u>2,319</u>	<u>-</u>	<u>60,719</u>	<u>63,038</u>	<u>852,214</u>
Expenditures:					
Capital outlay	<u>80,089</u>	<u>-</u>	<u>60,719</u>	<u>140,808</u>	<u>900,693</u>
Excess (deficiency) of revenues over expenditures	<u>(77,770)</u>	<u>-</u>	<u>-</u>	<u>(77,770)</u>	<u>(48,479)</u>
Other financing sources (uses):					
Operating transfers in	58,912	-	-	58,912	89,484
Operating transfers out	-	-	-	-	(34,792)
Total other financing sources (uses)	<u>58,912</u>	<u>-</u>	<u>-</u>	<u>58,912</u>	<u>54,692</u>
Excess (deficiency) of revenues and other sources over expenditures	<u>(18,858)</u>	<u>-</u>	<u>-</u>	<u>(18,858)</u>	<u>6,213</u>
Fund balances, beginning	<u>104,570</u>	<u>15,636</u>	<u>-</u>	<u>120,206</u>	<u>113,993</u>
Fund balances, ending	<u>\$ 85,712</u>	<u>\$ 15,636</u>	<u>\$ -</u>	<u>\$ 101,348</u>	<u>\$ 120,206</u>

## ENTERPRISE FUNDS

Sewer System Fund - To account for the provision of sewer and sanitation services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, financing and related debt service, and billing and collections.

Water System Fund - To account for the provision of water services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, financing and related debt service, and billing and collections.





	Sewer System Fund	Water System Fund	Totals	
			1998	1997
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Current liabilities (payable from current assets) -				
Accounts payable	\$ -	\$ 17,935	\$ 17,935	\$ -
Due to other funds	33,073	52,502	85,575	46,820
Total current liabilities payable from current assets	<u>33,073</u>	<u>70,437</u>	<u>103,510</u>	<u>46,820</u>
Current liabilities (payable from restricted assets) -				
Customers' deposits	41,613	200,878	242,491	224,530
Revenue bonds payable	12,899	30,000	42,899	42,464
Accrued interest	237	17,000	17,237	18,375
Total current liabilities (payable from restricted assets)	<u>54,749</u>	<u>247,878</u>	<u>302,627</u>	<u>285,369</u>
Long-term liabilities -				
Revenue bonds payable	1,156,826	675,000	1,831,826	1,874,671
Compensated absences payable	3,837	8,276	12,113	18,256
Total long-term liabilities	<u>1,160,663</u>	<u>683,276</u>	<u>1,843,939</u>	<u>1,892,927</u>
Total liabilities	<u>1,248,485</u>	<u>1,001,591</u>	<u>2,250,076</u>	<u>2,225,116</u>
<b>Fund equity:</b>				
Contributed capital, net	<u>4,819,257</u>	<u>1,654,103</u>	<u>6,473,360</u>	<u>5,307,966</u>
Retained earnings -				
Unreserved:				
Undesignated	1,140,665	805,428	1,946,093	1,849,414
Reserved	74,635	80,297	154,932	134,555
Total retained earnings	<u>1,215,300</u>	<u>885,725</u>	<u>2,101,025</u>	<u>1,983,969</u>
Total fund equity	<u>6,034,557</u>	<u>2,539,828</u>	<u>8,574,385</u>	<u>7,291,935</u>
Total liabilities and fund equity	<u>\$7,283,042</u>	<u>\$3,541,419</u>	<u>\$10,824,461</u>	<u>\$9,517,051</u>

CITY OF MARKSVILLE, LOUISIANA  
Enterprise Funds

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings  
Year Ended June 30, 1998  
With Comparative Totals for the Year Ended June 30, 1997

	Sewer Fund	Water Fund	Totals	
			1998	1997
Operating revenues:				
Charges for services	\$ 454,590	\$ 523,119	\$ 977,709	\$ 990,238
Operating expenses:				
Salaries	92,390	155,098	247,488	246,051
Payroll taxes	7,078	12,090	19,168	18,398
Depreciation	126,921	97,358	224,279	249,976
Repairs and supplies	120,533	179,717	300,250	249,524
Insurance	10,112	19,484	29,596	35,692
Office expense	417	8,437	8,854	8,045
Professional fees	19,977	11,881	31,858	21,052
Utilities and Telephone	29,825	31,354	61,179	64,586
Miscellaneous	235	16,011	16,246	6,492
Total operating expenses	407,488	531,430	938,918	899,816
Operating income (loss)	47,102	(8,311)	38,791	90,422
Nonoperating revenues (expenses):				
Interest income	19,564	20,294	39,858	33,125
Interest expense	(53,205)	(35,375)	(88,580)	(91,466)
Total nonoperating revenues (expenses)	(33,641)	(15,081)	(48,722)	(58,341)
Income (loss) before operating transfers	13,461	(23,392)	(9,931)	32,081
Other financing sources (uses):				
Operating transfers in	-	-	-	34,792
Operating transfers out	(349)	(5,511)	(5,860)	(11,004)
Total other financing sources (uses)	(349)	(5,511)	(5,860)	23,788
Net income (loss)	13,112	(28,903)	(15,791)	55,869
Add: Depreciation on fixed assets acquired by federal grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital	79,879	52,968	132,847	141,039
Retained earnings, beginning	1,122,309	861,660	1,983,969	1,787,061
Retained earnings, ending	\$1,215,300	\$ 885,725	\$2,101,025	\$1,983,969

CITY OF MARKSVILLE, LOUISIANA  
Enterprise Fund

Combining Statement of Cash Flows  
Year Ended June 30, 1998  
With Comparative Totals for the Year Ended June 30, 1997

	Sewer Fund	Water Fund	Totals	
			1998	1997
Cash flows from operating activities:				
Operating Income (loss)	<u>\$ 47,102</u>	<u>\$ (8,311)</u>	<u>\$ 38,791</u>	<u>\$ 90,420</u>
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities -				
Depreciation	126,921	97,358	224,279	249,976
Changes in current assets and liabilities:				
(Increase) decrease in accounts receivable	329	(7,958)	(7,629)	(8,611)
Increase in accounts payable	-	17,936	17,936	7,700
(Decrease) increase in compensated absences payable	<u>(1,543)</u>	<u>(4,601)</u>	<u>(6,144)</u>	<u>5,034</u>
Total adjustments	<u>125,707</u>	<u>102,735</u>	<u>228,442</u>	<u>254,099</u>
Net cash provided by operating activities	<u>172,809</u>	<u>94,424</u>	<u>267,233</u>	<u>344,519</u>
Cash flows from noncapital financing activities:				
Operating transfers in (out)	<u>4,684</u>	<u>25,751</u>	<u>30,435</u>	<u>23,416</u>
Cash flows from capital and related financing activities:				
Proceeds from grants	1,298,241	-	1,298,241	25,000
Acquisition of property, plant and equipment	(1,308,590)	(32,306)	(1,340,896)	(9,580)
Payment on bonds	(12,409)	(30,000)	(42,409)	(36,285)
Payment of interest on bonds	(52,968)	(36,750)	(89,718)	(92,091)
Proceeds from meter deposits, net	<u>5,856</u>	<u>12,105</u>	<u>17,961</u>	<u>13,635</u>
Net cash used by capital and related financing activities	<u>(69,870)</u>	<u>(86,951)</u>	<u>(156,821)</u>	<u>(99,321)</u>
Cash flows from investing activities:				
Interest collected on investments	<u>19,563</u>	<u>20,294</u>	<u>39,857</u>	<u>33,125</u>
Net increase in cash and cash equivalents	127,186	53,518	180,704	301,739
Cash and cash equivalents, beginning of period	<u>590,576</u>	<u>727,299</u>	<u>1,317,875</u>	<u>1,016,136</u>
Cash and cash equivalents, end of period	<u>\$ 717,762</u>	<u>\$ 780,817</u>	<u>\$ 1,498,579</u>	<u>\$ 1,317,875</u>

## AGENCY FUNDS

### Accounts Payable and Payroll Clearing Funds

To account for the centralization of the clearing accounts which are used for the disbursements of all City funds, including those for purchases, payroll and payroll-related costs.

CITY OF MARKSVILLE, LOUISIANA  
Agency Funds

Combining Balance Sheet  
June 30, 1998  
With Comparative Totals for June 30, 1997

	Accounts Payable Clearing	Payroll Clearing	Totals	
			1998	1997
 <b>ASSETS</b>				
Cash	\$ 169	\$ 24,530	\$ 24,699	\$ 26,890
Due from other funds	<u>102,942</u>	<u>3,401</u>	<u>106,343</u>	<u>66,700</u>
 Total assets	 <u>\$103,111</u>	 <u>\$ 27,931</u>	 <u>\$131,042</u>	 <u>\$ 93,590</u>
 <b>LIABILITIES</b>				
Accounts Payable	\$103,111	\$ -	\$103,111	\$ 66,700
Due to other funds	-	11,370	11,370	9,293
Accrued expenses	<u>-</u>	<u>16,561</u>	<u>16,561</u>	<u>17,597</u>
 Total liabilities	 <u>\$103,111</u>	 <u>\$ 27,931</u>	 <u>\$131,042</u>	 <u>\$ 93,590</u>

CITY OF MARKSVILLE, LOUISIANA  
Agency Funds

Combining Statement of Changes in Assets and Liabilities - All Agency Funds  
Year Ended June 30, 1998

		<u>Balances</u> <u>July 1, 1997</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 1998</u>
<b><u>PAYROLL FUND</u></b>					
	<b>ASSETS</b>				
Cash		\$ 26,890	\$ 1,094,663	\$ 1,097,023	\$ 24,530
Due from other funds		<u>-</u>	<u>1,015,352</u>	<u>1,011,951</u>	<u>3,401</u>
Total assets		<u>\$ 26,890</u>	<u>\$ 2,110,015</u>	<u>\$ 2,108,974</u>	<u>\$ 27,931</u>
	<b>LIABILITIES</b>				
Due to other funds		\$ 9,293	\$ 11,370	\$ 9,293	\$ 11,370
Payroll liabilities		<u>17,597</u>	<u>513,591</u>	<u>514,627</u>	<u>16,561</u>
Total liabilities		<u>\$ 26,890</u>	<u>\$ 524,961</u>	<u>\$ 523,920</u>	<u>\$ 27,931</u>
<b><u>ACCOUNTS PAYABLE CLEARING</u></b>					
	<b>ASSETS</b>				
Cash		\$ -	\$ 953,318	\$ 953,149	\$ 169
Due from other funds		<u>66,700</u>	<u>953,318</u>	<u>917,076</u>	<u>102,942</u>
Total assets		<u>\$ 66,700</u>	<u>\$ 1,906,636</u>	<u>\$ 1,870,225</u>	<u>\$ 103,111</u>
	<b>LIABILITIES</b>				
Accounts Payable		<u>\$ 66,700</u>	<u>\$ 989,729</u>	<u>\$ 953,318</u>	<u>\$ 103,111</u>
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>					
	<b>ASSETS</b>				
Cash		\$ 26,890	\$ 2,047,981	\$ 2,050,172	\$ 24,699
Due from other funds		<u>66,700</u>	<u>1,968,670</u>	<u>1,929,027</u>	<u>106,343</u>
Total assets		<u>\$ 93,590</u>	<u>\$ 4,016,651</u>	<u>\$ 3,979,199</u>	<u>\$ 131,042</u>
	<b>LIABILITIES</b>				
Accounts payable		\$ 66,700	\$ 989,729	\$ 953,318	\$ 103,111
Due to other funds		9,293	11,370	9,293	11,370
Payroll liabilities		<u>17,597</u>	<u>513,591</u>	<u>514,627</u>	<u>16,561</u>
Total liabilities		<u>\$ 93,590</u>	<u>\$ 1,514,690</u>	<u>\$ 1,477,238</u>	<u>\$ 131,042</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.



CITY OF MARKSVILLE, LOUISIANA

Comparative Statement of General Fixed Assets  
June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
General fixed assets, at cost:		
Land	\$ 155,979	\$ 155,979
Buildings	639,980	91,148
Improvements other than buildings	121,157	85,830
Equipment	<u>1,268,724</u>	<u>1,049,032</u>
 Total general fixed assets	 <u>\$2,185,840</u>	 <u>\$1,381,989</u>
  Investment in general fixed assets	  <u>\$2,185,840</u>	  <u>\$1,381,989</u>

CITY OF MARKSVILLE, LOUISIANA

Statement of Changes in General Fixed Assets  
Year Ended June 30, 1998

	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Equipment</u>	<u>Total</u>
General fixed assets, beginning of year	\$155,979	\$ 91,148	\$ 85,830	\$1,049,032	\$1,381,989
Additions:	-	548,832	35,327	277,245	861,404
Deletions:	-	-	-	57,553	57,553
General fixed assets, end of year	<u>\$155,979</u>	<u>\$639,980</u>	<u>\$ 121,157</u>	<u>\$1,268,724</u>	<u>\$2,185,840</u>

## GENERAL LONG-TERM DEBT ACCOUNT GROUP

To account for unmatured principal amounts on general long-term debt and compensated absences expected to be financed from governmental type funds. Payment of maturing obligations, including interest, are accounted for in the debt service funds.

CITY OF MARKSVILLE, LOUISIANA

Statement of General Long-Term Debt  
June 30, 1998  
With Comparative Totals for June 30, 1997

	Water and Sewer Improvement	Street Improvement	Sewer Improvement	Public Safety	Compensated Absences	Totals
						1998
						1997
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT						
Amount available in debt service funds for debt retirement	\$ 345,598	\$174,934	\$ 76,442	\$ 163,831	\$ -	\$ 735,185
Amount to be provided for debt retirement	<u>862,402</u>	<u>180,066</u>	<u>918,558</u>	<u>1,306,169</u>	<u>54,937</u>	<u>3,710,518</u>
Total amount available and to be provided	<u>\$1,208,000</u>	<u>\$355,000</u>	<u>\$ 995,000</u>	<u>\$1,470,000</u>	<u>\$54,937</u>	<u>\$4,445,703</u>
GENERAL LONG-TERM DEBT PAYABLE						
Bonds and certificates of indebtedness payable	\$1,208,000	\$355,000	\$ 995,000	\$1,470,000	\$ -	\$4,385,000
Compensated absences payable	-	-	-	-	<u>54,937</u>	<u>60,703</u>
Total general long-term debt payable	<u>\$1,208,000</u>	<u>\$355,000</u>	<u>\$ 995,000</u>	<u>\$1,470,000</u>	<u>\$54,937</u>	<u>\$4,445,703</u>

INTERNAL CONTROL AND COMPLIANCE,  
AND OTHER INFORMATION

# KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor Richard R. Michel, M.D. and  
The Board of Aldermen  
City of Marksville, Louisiana

We have audited the general purpose financial statements of the City of Marksville as of and for the year ended June 30, 1998, and have issued our report thereon dated November 25, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the City of Marksville, Louisiana's general purpose 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 instances of noncompliance that are required to be reported under Government Auditing Standards, which are described in the accompanying schedule of findings and questioned costs as items 98-3 and 98-4.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Marksville, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Marksville, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items 98-1 and 98-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe item 98-1 of the reportable conditions to be a material weakness.

This report is intended for the information of management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

***Kolder, Champagne, Slaven & Rainey, LLC***  
Certified Public Accountants

Marksville, Louisiana  
November 25, 1998

CITY OF MARKSVILLE, LOUISIANA

Schedule of Findings, Questioned Costs and Corrective Action  
Year Ended June 30, 1998

Fund Involved	Findings	Cost
All funds	98-1 <u>Inadequate Segregation of Duties</u>	N/A
	<p>Finding:</p> <p>Due to the small number of accounting employees, the City did not have adequate segregation of functions within the accounting system.</p> <p>Recommendation:</p> <p>Based upon the size of the accounting operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.</p> <p>Response and/or Corrective Action:</p> <p>No response and/or corrective action necessary.</p>	
Enterprise Funds	98-2 <u>Improper Control Over Inventory of Supplies</u>	N/A
	<p>Finding:</p> <p>Inventory at the water plant is maintained in a closed area, however, perpetual records are not being maintained.</p> <p>Recommendation:</p> <p>Inventory should be kept under the control of one person with perpetual records updated monthly. Comparison to actual counts should be done at least quarterly and variances reported to the Council.</p> <p>Response and/or Corrective Action:</p> <p>Perpetual records will be maintained and an individual will be assigned the responsibility of reconciling and maintaining the inventory.</p>	



CITY OF MARKSVILLE, LOUISIANA

Schedule of Findings, Questioned Costs and Corrective Action (Continued)  
Year Ended June 30, 1998

Fund Involved	Findings	Cost
All funds	<p>98-3 <u>Inadequate Collateralization of Deposits</u></p> <p>Finding:</p> <p>At June 30, 1998 \$137,748 of deposits were not collateralized which is a violation of state law.</p> <p>Recommendation:</p> <p>Deposit collateral should be reviewed on a monthly basis to insure deposits are fully secured.</p> <p>Response/Corrective Action:</p> <p>Management agrees and has assigned the secretary-treasurer to monitor and report on a monthly basis to Council.</p>	N/A
Various funds	<p>98-4 <u>Actual Expenditures in Excess of Budgeted Expenditures by 5% or More</u></p> <p>Finding:</p> <p>There were five(5) funds that had actual total expenditures in excess of 5% over total budgeted expenditures which is a violation of state law.</p> <p>Recommendation:</p> <p>The City should compare actual expenditures plus projected expenditures to the adopted budget and amend the budget as needed.</p> <p>Response/Corrective Action:</p> <p>New accounting software has been installed which has enhanced the City's financial reporting. Budget to actual reports are being reviewed and budgets will be amended accordingly.</p>	N/A

CITY OF MARKSVILLE, LOUISIANA

Prior Year Audit Findings  
June 30, 1998

During the audit of the June 30, 1997 general purpose financial statements four findings were noted. The following listing indicates the June 30, 1997 finding and/or comment and the status as of June 30, 1998.

<u>Findings</u>	<u>Status at June 30, 1998</u>
Non issuance of 1099 forms	Information is being accumulated in order to prepare 1099 forms for 1998.
Documentation of employee performance evaluations	The City has implemented an evaluation program for employees with proper documentation.
Inadequate formal written policies and procedures	The City is in the process of writing a policy and procedures manual.
Lack of I-9 forms in personnel files	Corrected