

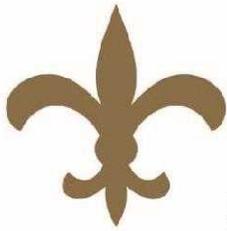
CITY OF DEQUINCY, LOUISIANA

Financial Report

For the Year Ended September 30, 2020

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*Member of the American Institute of Certified Public Accountants and the Society of Louisiana Certified Public Accountants.
Recipient of Advanced Single Audit Certificate*

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of DeQuincy, Louisiana

Report on Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of DeQuincy as of September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of DeQuincy as of September 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information. Accounting principles generally accepted in the United States of America require that budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted primarily of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basis financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance. The City of DeQuincy has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Other Information. My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplemental schedules are the responsibility of management and were derived from and relate to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, such information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued a report dated September 24, 2021, on my consideration of the City of DeQuincy's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "J. Aaron Coogan, CPA, LLC". The signature is written in a cursive style.

September 24, 2021

CITY OF DEQUINCY, LOUISIANA

STATEMENT OF NET POSITION

September 30, 2020

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 2,458,241	\$ 2,331,615	\$ 4,789,856
Investments	462,235	1,131,535	1,593,770
Accounts receivable	1,699,875	222,913	1,922,788
Due (to)/from other funds	(157,615)	157,615	-
Restricted cash	81,034	1,168,555	1,249,589
Restricted investments	-	211,176	211,176
Other assets	46,133	47,896	94,029
Capital assets, net	4,519,132	6,316,677	10,835,809
Total assets	9,109,035	11,587,982	20,697,017
DEFERRED OUTFLOWS OF RESOURCES	567,801	144,230	712,031
LIABILITIES			
Accounts payable and accrued liabilities	1,413,513	394,576	1,808,089
Customer deposits	-	108,052	108,052
Long-term liabilities:			
Due within one year	194,359	173,126	367,485
Due after one year	2,021,788	2,582,898	4,604,686
Total liabilities	3,629,660	3,258,652	6,888,312
DEFERRED INFLOWS OF RESOURCES	105,319	4,070	109,389
NET POSITION			
Invested in capital assets	4,147,250	5,260,381	9,407,631
Restricted for public safety	104,817	-	104,817
Restricted for street maintenance	840,675	-	840,675
Restricted for debt service	81,034	234,297	315,331
Restricted for sewer improvements	-	928,795	928,795
Unrestricted	768,081	2,046,017	2,814,098
Total net position	\$ 5,941,857	\$ 8,469,490	\$ 14,411,347

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

CITY OF DEQUINCY, LOUISIANA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Activities	Expenses	Net (Expense) Revenues and Changes in Net Assets			
		Program Revenues Charges for Services	Primary Government		Total
			Governmental Activities	Business-type Activities	
Governmental activities:					
General government	\$ 1,112,335	\$ -	\$ (1,112,335)	\$ -	\$ (1,112,335)
Public safety	1,819,008	97,035	(1,721,973)	-	(1,721,973)
Sanitation	263,467	279,592	16,125	-	16,125
Highways and streets	764,341	-	(764,341)	-	(764,341)
Culture and recreation	302,949	-	(302,949)	-	(302,949)
Interest on long-term debt	17,195	-	(17,195)	-	(17,195)
Total governmental activities	4,279,295	376,627	(3,902,668)	-	(3,902,668)
Business-type activities:					
Gas	529,430	678,723	-	149,293	149,293
Sewer	938,801	377,129	-	(561,672)	(561,672)
Airpark	600,921	65,887	-	(535,034)	(535,034)
Total business-type activities	2,069,152	1,121,739	-	(947,413)	(947,413)
Total primary government	\$ 6,348,447	\$ 1,498,366	(3,902,668)	(947,413)	(4,850,081)
General revenues:					
Taxes			1,203,076	825,628	2,028,704
Licenses and permits			270,746	-	270,746
Intergovernmental			26,662	-	26,662
Fines and forfeitures			258,314	-	258,314
Grants and contributions not restricted to specific programs			1,450,265	270,398	1,720,663
Investment earnings			23,253	58,854	82,107
Other			447,344	-	447,344
Special items:					
Gain on disposal of capital assets			(24,814)	20,665	(4,149)
Transfers			53,363	(53,363)	-
Total general revenues and transfers			3,708,209	1,122,182	4,830,391
Change in net position			(194,459)	174,769	(19,690)
Beginning net position			6,136,316	8,294,721	14,431,037
Ending net position			\$ 5,941,857	\$ 8,469,490	\$ 14,411,347

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

CITY OF DEQUINCY, LOUISIANA

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2020

	General	Public Safety Special Revenue	Streets Special Revenue	Total
ASSETS				
Cash and cash equivalents	\$ 1,569,363	\$ 105,244	\$ 783,634	\$ 2,458,241
Investments	114,419	88,369	259,447	462,235
Receivables	1,371,402	76,021	207,028	1,654,451
Due from other funds	426,702	28,995	14,172	469,869
Restricted cash	81,034	-	-	81,034
Other assets	4,258	35,135	6,740	46,133
	<u>3,567,178</u>	<u>333,764</u>	<u>1,271,021</u>	<u>5,171,963</u>
Total assets	<u>\$ 3,567,178</u>	<u>\$ 333,764</u>	<u>\$ 1,271,021</u>	<u>\$ 5,171,963</u>
LIABILITIES				
Accounts payable	\$ 1,025,791	\$ 52,729	\$ 42,226	\$ 1,120,746
Accrued expenses	94,928	170,797	27,042	292,767
Due to other funds	260,985	5,421	361,078	627,484
	<u>1,381,704</u>	<u>228,947</u>	<u>430,346</u>	<u>2,040,997</u>
Total liabilities	<u>1,381,704</u>	<u>228,947</u>	<u>430,346</u>	<u>2,040,997</u>
FUND BALANCES				
Restricted for public safety	-	104,817	-	104,817
Restricted for street maintenance	-	-	840,675	840,675
Restricted for debt service	81,034	-	-	81,034
Unassigned	2,104,440	-	-	2,104,440
	<u>2,185,474</u>	<u>104,817</u>	<u>840,675</u>	<u>3,130,966</u>
Total liabilities and fund balances	<u>\$ 3,567,178</u>	<u>\$ 333,764</u>	<u>\$ 1,271,021</u>	<u>\$ 5,171,963</u>

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

CITY OF DEQUINCY, LOUISIANA

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS -
TO THE STATEMENT OF NET POSITION

September 30, 2020

Total fund balances for governmental funds at end of year	\$ 3,130,966
Total net position reported for governmental activities in the Statement of Net Position is different because:	
Certain receivables recorded in the government-wide financial statements are not reflected in the funds as they are too late to be considered available.	
	<u>45,424</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Land	20,000
Capital assets, net of accumulated depreciation	<u>4,499,132</u>
	<u>4,519,132</u>
Long-term liabilities are not payable from current resources and, therefore, are not reported in the funds. Those long-term liabilities consist of:	
Bonds payable	(371,882)
Lease payable	(53,636)
Net pension liability	(1,715,716)
Compensated absences payable	<u>(74,913)</u>
	<u>(2,216,147)</u>
Pension related deferrals	
Outflows	567,801
Inflows	<u>(105,319)</u>
	<u>462,482</u>
Total net position of governmental activities at end of year	<u>\$ 5,941,857</u>

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

CITY OF DEQUINCY, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended September 30, 2020

	General	Public Safety Special Revenue	Streets Special Revenue	Total Governmental Funds
REVENUES				
Taxes	\$ 253,641	\$ 303,814	\$ 645,621	\$ 1,203,076
Licenses and permits	270,746	-	-	270,746
Intergovernmental	26,662	-	-	26,662
Charges for services	279,592	97,035	-	376,627
Fines and forfeitures	-	258,314	-	258,314
Miscellaneous	356,930	28,680	61,734	447,344
Interest earned	13,962	930	8,361	23,253
Grants	1,412,805	59,949	1,690	1,474,444
Total revenues	<u>2,614,338</u>	<u>748,722</u>	<u>717,406</u>	<u>4,080,466</u>
EXPENDITURES				
Current:				
General government	1,269,320	-	-	1,269,320
Public safety	-	1,588,004	-	1,588,004
Sanitation	263,467	-	-	263,467
Highways and streets	-	-	603,988	603,988
Culture and recreation	50,320	-	-	50,320
Capital outlay	265,892	148,554	25,386	439,832
Debt Service:				
Principal	21,059	-	-	21,059
Interest	17,195	-	-	17,195
Total expenditures	<u>1,887,253</u>	<u>1,736,558</u>	<u>629,374</u>	<u>4,253,185</u>
Excess (deficiency) of revenues over (under) expenditures	727,085	(987,836)	88,032	(172,719)
OTHER FINANCING SOURCES (USES)				
Sales of fixed assets	98,850	1,125	255	100,230
Proceeds of debt issuance	-	53,636	-	53,636
Operating transfers in	52,937	838,100	-	891,037
Operating transfers (out)	(835,801)	-	(1,873)	(837,674)
Total other financing sources (uses)	<u>(684,014)</u>	<u>892,861</u>	<u>(1,618)</u>	<u>207,229</u>
NET CHANGES IN FUND BALANCES	43,071	(94,975)	86,414	34,510
Beginning fund balances	<u>2,142,403</u>	<u>199,792</u>	<u>754,261</u>	<u>3,096,456</u>
ENDING FUND BALANCES	<u>\$ 2,185,474</u>	<u>\$ 104,817</u>	<u>\$ 840,675</u>	<u>\$ 3,130,966</u>

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

CITY OF DEQUINCY, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS -
TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Total net changes in fund balances for the year per Statement of Revenues, Expenditures and Changes in Fund Balances	S 34,510
The change in net assets reported for governmental activities in the Statement of Activities is different because:	
Certain receivables recorded in the government-wide financial statements are not reflected in the funds as they are too late to be considered available.	(24,179)
Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	439,832
Depreciation expense for the year	<u>(361,022)</u>
	78,810
Net book value of assets retired during year	(125,044)
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal on long-term liabilities is an expenditure in governmental funds, but is a reduction of long-term liabilities in the Statement of Position	
Principal payments	21,059
Issuance of debt	(53,636)
In the Statement of Activities, certain operating expenses are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the financial resources used (essentially the amounts actually paid). The difference between the amounts incurred and the amounts actually paid:	
Pension expense	(124,662)
Change in compensated absences	<u>(1,317)</u>
Total changes in net position for the year per Statement of Activities	<u>S (194,459)</u>

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

CITY OF DEQUINCY, LOUISIANA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

Business-Type Activities - Enterprise Funds
September 30, 2020

	Gas Utility Revenue Fund	Sewer Utility Revenue Fund	Industrial Airpark Fund	Total
ASSETS				
Cash and cash equivalents	\$ 349,512	\$ 1,499,617	\$ 482,486	\$ 2,331,615
Restricted cash	5,463	1,163,092	-	1,168,555
Investments	206,362	193,164	732,009	1,131,535
Restricted investments	211,176	-	-	211,176
Accounts receivable	105,495	58,511	58,907	222,913
Other assets	26,803	6,854	14,239	47,896
Due from other funds	-	570,596	53,011	623,607
Total current assets	904,811	3,491,834	1,340,652	5,737,297
Property, plant and equipment, net of accumulated depreciation	65,789	3,032,577	3,218,311	6,316,677
Total assets	970,600	6,524,411	4,558,963	12,053,974
DEFERRED OUTFLOWS OF RESOURCES	36,565	107,665	-	144,230
LIABILITIES				
Current liabilities				
Accounts payable	36,060	223,489	78,764	338,313
Payroll liabilities	8,085	48,178	-	56,263
Current portion of long-term liabilities	-	173,126	-	173,126
Customer deposits	108,052	-	-	108,052
Due to other funds	451,820	14,172	-	465,992
Total current liabilities	604,017	458,965	78,764	1,141,746
Long-term liabilities:				
Compensated absences	14,983	37,924	-	52,907
Net pension liability	182,032	535,994	-	718,026
Bonds payable	-	1,811,965	-	1,811,965
Total liabilities	801,032	2,844,848	78,764	3,724,644
DEFERRED INFLOWS OF RESOURCES	1,032	3,038	-	4,070
NET POSITION				
Invested in capital assets, net of related debt	65,789	1,976,281	3,218,311	5,260,381
Restricted for sewer improvements	-	928,795	-	928,795
Restricted for debt service	-	234,297	-	234,297
Unrestricted	139,312	644,817	1,261,888	2,046,017
Total net position	\$ 205,101	\$ 3,784,190	\$ 4,480,199	\$ 8,469,490

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

CITY OF DEQUINCY, LOUISIANA

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION - PROPRIETARY FUNDS

For the Year Ended September 30, 2020

	Gas Utility Revenue Fund	Sewer Utility Revenue Fund	Industrial Airpark Fund	Total
OPERATING REVENUES:				
Charges for services	\$ 678,723	\$ 377,129	\$ 49,781	\$ 1,105,633
Rent	-	-	16,106	16,106
Total operating revenue	678,723	377,129	65,887	1,121,739
OPERATING EXPENSES:				
Personal services	117,689	480,086	35,580	633,355
Natural gas purchased	240,542	-	-	240,542
Materials and supplies	38,148	26,311	56,748	121,207
Utilities	2,920	49,703	10,801	63,424
Depreciation	12,040	199,698	355,685	567,423
Bad debts	15,684	-	-	15,684
Other services and charges	102,407	107,883	142,107	352,397
Total operating expenses	529,430	863,681	600,921	1,994,032
Operating income (loss)	149,293	(486,552)	(535,034)	(872,293)
Non-operating revenues (expenses):				
Miscellaneous revenues and grants	-	-	270,398	270,398
Taxes	-	607,628	218,000	825,628
Earnings on investments	27,046	7,411	24,397	58,854
Gain (loss) on disposal of assets	2,003	600	18,062	20,665
Interest and fiscal charges	-	(75,120)	-	(75,120)
Total nonoperating revenues (expenses)	29,049	540,519	530,857	1,100,425
Income before operating transfers	178,342	53,967	(4,177)	228,132
Transfers from (to) other funds	(766)	(4,798)	(47,799)	(53,363)
Net income	177,576	49,169	(51,976)	174,769
Beginning net position	27,525	3,735,021	4,532,175	8,294,721
Ending net position	\$ 205,101	\$ 3,784,190	\$ 4,480,199	\$ 8,469,490

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

CITY OF DEQUINCY, LOUISIANA

STATEMENT OF CASH FLOWS
 BUSINESS-TYPE ACTIVITIES - PROPRIETARY FUNDS
 For the Year Ended September 30, 2020

	Gas Utility Revenue Fund	Sewer Utility Revenue Fund	Industrial Airpark Fund	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 620,769	\$ 365,208	\$ 65,887	\$ 1,051,864
Payments to suppliers	(406,772)	13,364	(273,130)	(666,538)
Payments to/on behalf of employees	(151,110)	(390,873)	-	(541,983)
Net cash provided by (used in) operating activities	62,887	(12,301)	(207,243)	(156,657)
Cash flows from noncapital financing activities:				
Miscellaneous revenues and grants	-	-	297,892	297,892
Taxes received	-	607,628	218,000	825,628
Operating transfers in (out)	(766)	(4,798)	(47,799)	(53,363)
Increase in customer deposits	911	-	-	911
Advances from (to) other funds	78,756	(156,689)	22,185	(55,748)
Net cash provided by (used in) noncapital financing activities	78,901	446,141	490,278	1,015,320
Cash flows from investing activities:				
Interest income	27,537	7,411	24,397	59,345
Change in restricted cash	(491)	-	-	(491)
Change in investments	(26,539)	(2,643)	(39,772)	(68,954)
Net cash provided by (used in) investing activities	507	4,768	(15,375)	(10,100)
Cash flows from capital and related financing activities:				
Capital expenditures for plant and equipment	-	(452,612)	(200,590)	(653,202)
Proceeds from sales of assets	2,003	600	26,650	29,253
Proceeds from issuance of bonds	-	1,200,000	-	1,200,000
Principal payments on notes and revenue bonds	-	(1,297,487)	-	(1,297,487)
Interest paid	-	(75,120)	-	(75,120)
Net cash provided by (used in) capital and related financing activities	2,003	(624,619)	(173,940)	(796,556)
Net change in cash	144,298	(186,011)	93,720	52,007
Cash and cash equivalents-beginning of year	210,677	2,848,720	388,766	3,448,163
Cash and cash equivalents-end of year	\$ 354,975	\$ 2,662,709	\$ 482,486	\$ 3,500,170

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

CITY OF DEQUINCY, LOUISIANA

STATEMENT OF CASH FLOWS (CONTINUED)
 BUSINESS-TYPE ACTIVITIES--PROPRIETARY FUNDS

For the Year Ended September 30, 2020

	<u>Gas Utility Revenue Fund</u>	<u>Sewer Utility Revenue Fund</u>	<u>Industrial Airpark Fund</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 149,293	\$ (486,552)	\$ (535,034)	\$ (872,293)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	12,040	199,698	355,685	567,423
Change in operating assets and liabilities:				
Account receivable	(57,954)	(11,921)	-	(69,875)
Other assets	(2,544)	(314)	321	(2,537)
Accounts payable and other accrued expenses	(6,897)	241,622	(28,215)	206,510
Net pension liability and related deferrals	(31,051)	45,166	-	14,115
Total adjustments	<u>(86,406)</u>	<u>474,251</u>	<u>327,791</u>	<u>715,636</u>
Net cash provided by (used in) operating activities	<u>\$ 62,887</u>	<u>\$ (12,301)</u>	<u>\$ (207,243)</u>	<u>\$ (156,657)</u>
Supplemental Disclosure:				
Cash paid for interest	<u>\$ -</u>	<u>\$ 75,120</u>	<u>\$ -</u>	<u>\$ 75,120</u>

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

Notes to the Financial Statements

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana
Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of DeQuincy, Louisiana was incorporated in 1903 and since 1991 the City has operated under a Mayor-Council form of government under a home charter.

The accounting and reporting policies of the City of DeQuincy conform to accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to guidance set forth in the *Louisiana Municipal Audit and Accounting Guide*, the General Accounting Office's *Standards for Audits of Governmental Organizations, Programs, Activities and Functions*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of the City's significant accounting policies:

A. FINANCIAL REPORTING ENTITY

The accompanying financial statements include the various departments, activities, and organizational units that are within the control and authority of the Mayor and City Council of the City. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Statement No. 14 of the Governmental Accounting Standards Board. This statement defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Consistent with this criterion, the City of DeQuincy has no component units as of September 30, 2020.

B. BASIS OF PRESENTATION

The accompanying basic financial statements of the City of DeQuincy have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include all the financial activities of the City, which are considered to be governmental activities. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

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

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana
Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (FFS)

The City uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain City functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the City are classified into governmental and proprietary. The emphasis on fund financial statements is on major funds, each displayed in a separate column.

General Fund

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. This fund is considered a major fund.

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Public Safety Fund and the Sales Tax Fund are considered special revenue funds. The Public Safety Fund accounts for the 1/2% sales tax dedicated to fire and police and related expenses. The Sales Tax Fund accounts for the 1% sales tax dedicated to street maintenance and related expenses. These funds are considered major funds.

Capital Projects Funds

Capital Projects funds account for all financial resources segregated for the acquisition or construction of major capital projects. This fund is to account for funds received and expenditures made for improvements to the downtown area. This fund is not considered a major fund.

Enterprise Funds

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

The Gas Utility Revenue Fund accounts for the provision of gas services. This fund is considered a major fund.

The Sewer Utility Fund accounts for the provision of sewer services. This fund is considered a major fund.

The Industrial Airpark Fund accounts for the provision of airpark and industrial development services. This fund is considered a major fund.

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana
Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers for goods, services and privileges provided, 2) operating grants and 3) capital grants. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

All governmental funds are accounted for using a financial resources measurement focus whereby only current assets and current liabilities generally are included on the balance sheet and increases and decreases in net current assets are presented in the operating statements. These funds utilize the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures of the current period. Certain revenues such as sales tax, property tax, and charges for services are assessed and collected in such a manner that they can be accrued appropriately. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for principal and interest on general long-term debt which are recognized when due. Also, expenditures for accrued compensated absences are not recognized until they are payable from current available financial resources.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, the unrestricted resources as they are needed.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private sector guidance.

For the purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana
Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. BUDGETS

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

1. Prior to September 30, the City Clerk submits to the Mayor and City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is conducted to obtain comments.
4. Prior to September 30, the budget is legally enacted through passage of an ordinance.
5. Any revisions that alter total expenditures of any fund must be approved by the Mayor and City Council. Expenditures cannot legally exceed appropriations on a fund level.
6. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds.
7. All budgetary appropriations lapse at the end of each fiscal year.
8. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts are as originally adopted, or as amended by the Mayor and Council.
9. Budgets are amended to remain in compliance with state law.

Encumbrance accounting is not used.

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits and state and national bank's certificates of deposit with original maturities of 90 days or less.

F. INVESTMENTS

Louisiana state statutes authorize the City to invest in United States bonds, treasury notes, or time certificates of deposit of state banks organized under the Laws of Louisiana and national banks having the principal office in the State of Louisiana, investment as stipulated in R.S. 39:1271, or any other federally insured investment, or in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies. Investments are stated at fair market value.

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana
Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. PROPERTY TAXES

Property taxes levied in any one year are recognized as revenues of that year.

H. ALLOWANCE FOR BAD DEBTS

Uncollectible amounts due from customers' utility receivables are recognized as bad debts at the time information becomes available which would indicate the collectability of the particular receivable. Management's evaluation of the allowance for bad debts is based on a review of all accounts and includes a consideration of past user history, any adverse situations that might affect the user's ability to repay, and current economic conditions. The need for an adjustment is considered at year end. Amounts charged-off that are subsequently recovered are recorded as income.

I. FIXED ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (drainage systems), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of two years.

Property, plant, and equipment of the City is depreciated using the straight-line method over the following useful lives:

Building and improvements	10 – 40 years
Leasehold improvements	10 years
Gas distribution system	10 – 25 years
Autos and trucks	3 – 5 years
Machinery and equipment	5 – 10 years
Infrastructure	40 years

J. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. INVENTORY

Purchases of various operating supplies are regarded as expenditures at the time of purchase, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year. Such amounts are not material in relation to total assets.

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana
Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. COMPENSATED ABSENCES

Sick pay is based on the number of years of service and is earned as follows:

First 3 years	1 day per month up to 12 days per calendar year
More than 3 years	Up to 15 days for any calendar year

Salary paid for sick leave will be based on an eight-hour workday. Sick leave can be carried forward to the succeeding year or years with no limit as to the amount accumulated. No employee shall be paid for accumulated leave when he resigns or is terminated. When an employee retires, he is to be paid for accumulated sick leave as follows:

Ten to nineteen years	up to 30 days
Twenty to thirty years	up to 60 days
Thirty years or more	up to 90 days

Annual leave is also based on the number of years of services and is earned as follows:

After 1 year	5 days
After 2 years	10 days
After 10 years	15 days
After 20 years	20 days

Annual leave cannot be carried over to the following year (“use it or lose it”). Upon termination, any unused earned annual leave will be paid to the employee.

At September 30, 2020, employees of the City have accumulated approximately \$127,821 in leave privileges, computed in accordance with GASB Statement 16.

M. EQUITY CLASSIFICATIONS

For government-wide statement of net position, equity is classified as net position and displayed in three components:

- Invested in capital assets, net of related debt. This component consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position. Restricted net position consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position. Unrestricted net position consists of all other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The City uses restricted resources first when expenses are incurred when both restricted and unrestricted net position are available.

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana
Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. EQUITY CLASSIFICATIONS (Continued)

In the fund statements, governmental fund equity is classified as fund balance. In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies governmental fund balances as follows:

- Non-spendable. Relates to fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted. Relates to fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or grantors, or amounts constrained due to constitutional provisions or enabling legislation.
- Committed. Relates to fund balance amounts that are constrained for specific purposes that are internal imposed by the district through formal action of the City and does not lapse at year-end.
- Assigned. Relates to fund balance amounts that are intended to be used for a specific purpose that are considered to be neither restricted nor committed. Fund balance can be assigned by the City.
- Unassigned. Relates to fund balance amounts within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The City uses restricted resources first when expenditures are incurred when both restricted and unrestricted fund balances are available. Proprietary fund equity is classified the same as in the government-wide statements.

2. DEPOSITS AND INVESTMENTS

Under Louisiana Revised Statutes 39:2955, the City may deposit funds in demand deposit accounts, interest bearing demand deposit accounts, money market accounts, and time certificates of deposits with state banks, organized under Louisiana law and national banks, having principal offices in Louisiana. Additionally, Louisiana statutes allow the City to invest in United States Treasury obligations, obligations issued or guaranteed by United States government or federal agencies, and mutual or trust funds registered with the Securities and Exchange Commission which has underlying investments consisting solely of and limited to the United States government or its agencies. At September 30, 2020, the City had cash and cash equivalents (book balances) totaling \$6,039,445 all of which were in demand deposit accounts.

Under state law, deposits (or 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. 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.

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana
Notes to the Financial Statements

2. DEPOSITS AND INVESTMENTS (Continued)

The City periodically invests in the Louisiana Asset Management Pool, Inc., a local government investment pool (see Summary of Significant Accounting Policies). In accordance with GASB codification Section I50.165 investments in LAMP are not categorized in the three risk categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPAs. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted-average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The City's balance with LAMP at September 30, 2020 is \$1,430,643

At September 30, 2020, the City had the following investments:

	Unrestricted	Restricted
Certificates of deposit	\$ 1,296,133	\$ -
U.S. agency securities	297,637	211,176
	\$ 1,593,770	\$ 211,176

Certificates are carried at amortized cost, which approximates market. U.S. agency securities are carried at estimated fair value based on quoted market prices of similar securities.

Certificates of deposit have interest rates that range between 2% and 3% and mature in one year. Bonds have interest rates ranging between 3% and 6% and have maturities of between 5 and 30 years.

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned. At September 30, 2020, the City had \$5,958,527 in demand deposits, NOW accounts, and certificates of deposit (bank balances before outstanding checks or deposits in transit). These deposits are secured from risk by \$1,349,085 of federal deposit insurance and \$4,609,442 of pledged securities held by the custodial bank in the name of the fiscal agent bank. However, since the custodial bank acknowledges that the securities are pledged to the City of DeQuincy, all deposits are considered to be collateralized. Additionally, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent bank has failed to pay deposited funds upon demand.

Interest Rate Risk is the risk that changes in the interest rate will adversely affect the fair value of the investment. The City does not have a formal investment policy that limits investment securities as a means of managing its exposure to fair value losses arising from increasing interest rates.

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana
Notes to the Financial Statements

3. RECEIVABLES

The receivables at September 30, 2020, are as follows:

	General	Public Safety Special Revenue	Street Special Revenue	Gas Utility	Sewer	Airpark	Total
Receivables:							
Utilities	\$ 100,213	\$ -	\$ -	\$ 155,498	\$ 105,649	\$ -	\$ 361,360
Other	1,320,455	76,021	207,028	-	-	58,907	1,662,411
Less: allowance for doubtful accounts	(49,266)	-	-	(50,003)	(47,138)	-	(146,407)
Net of allowance	<u>\$ 1,371,402</u>	<u>\$ 76,021</u>	<u>\$ 207,028</u>	<u>\$ 105,495</u>	<u>\$ 58,511</u>	<u>\$ 58,907</u>	<u>\$ 1,877,364</u>

4. AD VALOREM TAXES

For 2020, taxes of 6.02 mills were levied on property with assessed valuation of approximately \$16,000,000 and were dedicated for general purposes. Total ad valorem taxes collected during the year totaled \$102,434. Property taxes attach as an enforceable lien on property as of April 30. Taxes are levied on November 1.

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana
Notes to the Financial Statements

5. CAPITAL ASSETS

A summary of changes in capital assets for the year ended September 30, 2020:

	Balance, Beginning of Year	Additions	Deletions	Transfers	Balance, End of Year
<u>Governmental Activities</u>					
Capital assets, not being depreciated:					
Construction in progress	\$ 23,491	\$ 3,380	\$ (1,250)	\$ -	\$ 25,621
Property held for future use or sale	92,900	-	-	-	92,900
Land	123,967	-	(103,967)	-	20,000
Total capital assets, not being depreciated	240,358	3,380	(105,217)	-	138,521
Capital assets, being depreciated:					
Buildings	2,369,850	-	(25,190)	-	2,344,660
Improvements other than buildings	1,536,244	156,102	(3,969)	-	1,688,377
Autos and trucks	1,278,703	35,150	(27,496)	-	1,286,357
Machinery and equipment	874,921	245,200	(34,490)	-	1,085,631
Infrastructure	3,063,410	-	-	-	3,063,410
Total capital assets, being depreciated	9,123,128	436,452	(91,145)	-	9,468,435
Less accumulated depreciation for:					
Buildings	1,265,890	52,111	(7,348)	-	1,310,653
Improvements other than buildings	1,098,798	58,707	(1,985)	-	1,155,520
Autos and trucks	1,002,192	83,581	(27,496)	-	1,058,277
Machinery and equipment	646,544	89,742	(34,489)	-	701,797
Infrastructure	784,696	76,881	-	-	861,577
Total accumulated depreciation	4,798,120	361,022	(71,318)	-	5,087,824
Total capital assets, being depreciated, net	4,325,008	75,430	(19,827)	-	4,380,611
Governmental activities capital assets, net	\$ 4,565,366	\$ 78,810	\$ (125,044)	\$ -	\$ 4,519,132
<u>Business-type Activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 164,383	\$ -	\$ -	\$ -	\$ 164,383
Construction in progress	682,984	612,294	-	-	1,295,278
Total capital assets, not being depreciated	847,367	612,294	-	-	1,459,661
Capital assets, being depreciated:					
Buildings	186,367	-	(33,353)	-	153,014
Improvements other than buildings	7,284,430	6,360	(304,827)	-	6,985,963
Gas distribution system	689,603	-	-	-	689,603
Sewer system	5,717,030	23,550	-	-	5,740,580
Autos and trucks	56,557	-	(19,653)	-	36,904
Machinery and equipment	251,082	10,998	(1,517)	-	260,563
Total capital assets, being depreciated	14,185,069	40,908	(359,350)	-	13,866,627
Less accumulated depreciation for:					
Buildings	69,213	11,952	(24,765)	-	56,400
Improvements other than buildings	4,817,798	340,004	(304,827)	-	4,852,975
Gas distribution system	631,642	9,711	-	-	641,353
Sewer system	2,997,411	193,629	-	-	3,191,040
Autos and trucks	56,557	-	(19,653)	-	36,904
Machinery and equipment	220,329	12,127	(1,517)	-	230,939
Total accumulated depreciation	8,792,950	567,423	(350,762)	-	9,009,611
Total capital assets, being depreciated, net	5,392,119	(526,515)	(8,588)	-	4,857,016
Business-type activities capital assets, net	\$ 6,239,486	\$ 85,779	\$ (8,588)	\$ -	\$ 6,316,677

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana
Notes to the Financial Statements

5. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 89,417
Public safety	150,427
Highways and streets	121,178
Total depreciation expense - governmental activities	\$ 361,022
Business-type activities:	
Gas	\$ 12,040
Sewer	199,698
Airpark	355,685
Total depreciation expense - business-type activities	\$ 567,423

6. LONG-TERM OBLIGATIONS

The summary of changes in long-term obligations for the year is as follows:

	Balance, Beginning of Year	Additions	Retirements	Balance, End of Year	Current Portion
Governmental activities:					
Rural Development bonds payable	\$ 392,941	\$ -	\$ (21,059)	\$ 371,882	\$ 22,028
Lease payable	-	53,636	-	53,636	26,818
Compensated absences	73,596	1,317	-	74,913	-
Net pension liability	1,264,498	596,731	(145,513)	1,715,716	145,513
	1,731,035	651,684	(166,572)	2,216,147	194,359
Business-type activities:					
Sewer bonds	2,082,578	-	(97,487)	1,985,091	100,084
Compensated absences	54,492	-	(1,585)	52,907	-
Net pension liability	651,492	139,576	(73,042)	718,026	73,042
	2,788,562	139,576	(172,114)	2,756,024	173,126
	\$4,519,597	\$ 791,260	\$ (338,686)	\$4,972,171	\$ 367,485

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana
Notes to the Financial Statements

6. LONG-TERM OBLIGATIONS (Continued)

Bonds and notes payable at September 30, 2020, are comprised of the following individual issues:

Revenue bonds:

\$619,000 Revenue Bonds, Series 2003, due in monthly installments of \$3,188 through May 2033; interest at 4.5%. These funds were used to construct Public Safety building.	\$ 371,882
\$1,200,000 Sales Tax Bonds Series 2019, due in semi-annual interest payments at interest ranging between 1.75% to 3.50%, and annual principal payments ranging \$63,000 and \$104,000 through June 2034. These funds are to be used for sewer improvements.	1,137,000
\$1,000,000 Sewer Revenue Bond, due in monthly installments of \$4,540 through May 2036, including interest at 4.5%. These funds were used to construct the sewer treatment plant.	610,125
\$349,000 Sewer Revenue Bond, due in monthly installments of \$1,584 through March 2039, including interest at 4.5%. These funds were used to make improvements to the Westside sewer treatment facility.	237,966
	\$ 2,356,973

The City is committed under bond agreements with the USDA Office of Rural Development to maintain certain reserve and contingency funds. The reserve and sinking fund amounts for the Public Safety building bonds was \$62,411 and \$18,623, respectively, and the reserve and contingency fund amounts for the sewer system bonds was \$89,878 and \$111,313, respectively, at September 30, 2020. Additionally, under provisions of the 2019 bond issue, the City established a bond sinking fund whereby the City deposits monthly a pro rata amount to fully fund the upcoming debt service payments. The amount in the sinking fund was \$33,106 at September 30, 2020.

The annual requirements to amortize all bonds and notes outstanding as of September 30, 2020, are as follows:

Year ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 48,846	\$ 16,227	\$ 100,084	\$ 72,427
2022	49,858	15,215	103,742	69,019
2023	24,098	14,156	107,476	65,465
2024	25,205	13,049	112,289	61,779
2025	26,363	11,891	116,186	57,923
2026-2030	151,133	40,139	653,576	225,924
2031-2035	100,015	6,418	698,914	92,343
2036-2040	-	-	92,824	5,385
	\$ 425,518	\$ 117,095	\$ 1,985,091	\$ 650,265

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana
Notes to the Financial Statements

7. DEDICATION OF PROCEEDS AND FLOW OF FUNDS – 2 1/2% SALES AND USE TAX

Proceeds of the 1% sales and use tax levied by the City of DeQuincy (2020 collections \$1,557,064) are dedicated as follows:

1. Provide funds for the maintenance of the City’s streets.

Proceeds of an additional 1% sales and use tax levied by the City of DeQuincy, effective January 1, 2011 (2020 collections 1,038,043) and expires in 2036 are dedicated as follows:

1. Proceeds of the sales and use tax have been pledged and dedicated to the retirement of bonds and interest coupons to be issued for sewer improvements of the City.
2. Provide funds for the maintenance of the City’s sewer system.

Proceeds of a ½% sales and use tax levied by the City effective October 1, 2012 (2020 collections \$519,021) and expires in 2027 are dedicated as follows:

1. 70% of proceeds are dedicated to Police Department expenses.
2. 30% of proceeds are dedicated to Fire Department expenses.

8. INDIVIDUAL FUND INTERFUND RECEIVABLE AND PAYABLE BALANCES

At September 30, 2020, amounts due to/from the various funds were:

Creditor Fund	Debtor Fund	Amount
General Fund	Sales Tax Fund	\$ 288,405
General Fund	Public Safety Fund	5,421
General Fund	Gas Fund	132,877
Public Safety Fund	Sales Tax Fund	28,995
Sales Tax Fund	Sewer Fund	14,172
Sewer Fund	Gas Fund	318,943
Sewer Fund	General Fund	251,652
Airpark Fund	Sales Tax Fund	43,679
Airpark Fund	General Fund	9,332
		\$ 1,093,476

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana
Notes to the Financial Statements

The following is a summary of interfund transfers for the year ended September 30, 2020:

<u>Paying Fund</u>	<u>Receiving Fund</u>	<u>Amount</u>
General Fund	Public Safety Fund	\$ 835,801
Sales Tax Fund	Airpark Fund	1,106
Sales Tax Fund	Public Safety Fund	766
Gas Utility Fund	Public Safety Fund	766
Sewer Utility Fund	General Fund	4,032
Sewer Utility Fund	Public Safety Fund	766
Airpark Fund	General Fund	48,905
		<u>\$ 892,142</u>

Generally, interfund transfers result from reimbursement to other funds for expenditures paid on behalf of the General Fund.

9. GAS UTILITY REVENUE FUND

At September 30, 2020, there were approximately 1,348 customers being served by the gas distribution system. The total amount of gas billed during the year was \$664,175, resulting in an average monthly bill of \$41.06 per customer. The gas rates being charged by the City at September 30, 2020, are as follows:

Residential

Net monthly rate:

Inside city limits - \$ 8.00 minimum charge

Outside city limits - \$ 10.00 minimum charge

\$ 0.93393 per 100 cubic feet gas used

Commercial

Net monthly rate:

\$ 10.00 minimum charge

\$ 0.95893 per 100 cubic feet gas used

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana
Notes to the Financial Statements

10. RETIREMENT PLANS

Substantially all employees of the City of DeQuincy are members of either the Municipal Employees' Retirement System of Louisiana or Municipal Police Employees' Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

Municipal Employees Retirement System

Plan Description

Employees of the City are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan established in accordance with the provisions of Louisiana Revised Statute 11:1731 to provide retirement, disability and survivor benefits to employees of all incorporated villages, towns and cities throughout the State of Louisiana. MERS is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the City, except for policemen are members of Plan A. MERS issues a publicly available financial report that may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, calling (225) 925-4810, or by downloading from www.mersla.com.

Benefits Provided

The following is a description of the Plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement Benefits. Any member of Plan A, who was hired before January 1, 2013, can retire providing the member meets one of the following criteria:

- a. Any age with twenty-five (25) years of creditable service.
- b. Age 60 with a minimum of ten (10) or more years of creditable service.
- c. Any age with five (5) years of creditable service eligible for disability benefits.
- d. Survivor's benefits require five (5) years creditable service at death of member.
- e. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit

Eligibility for Retirement for Plan A members hired on or after January 1, 2013, is as follows:

- a. Age 67 with seven (7) or more years of creditable service.
- b. Age 62 with ten (10) or more years of creditable service.
- c. Age 55 with thirty (30) or more years of creditable service.
- d. Any age with twenty five (25) years of creditable service, exclusive of military service and unused side leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to two percent of the member's monthly average final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana
Notes to the Financial Statements

10. RETIREMENT PLANS (Continued)

Deferred Retirement Option Plan (DROP) Benefits. In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of MERS has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in MERS.

Disability Benefits. For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service, whichever is greater; or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

Survivor's Benefits. Upon the death of any member of Plan A or Plan B with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes. Any member of Plan A or Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Cost-of-Living Increases. MERS is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows MERS to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Deferred Benefits. Plan A provides for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana
Notes to the Financial Statements

10. RETIREMENT PLANS (Continued)

Contributions

Contribution rates for member employees was set at 10.0% as of September 30, 2020.

According to state statute, contribution requirements for all employers are actuarially determined each year. At September 30, 2020, the actual employer contribution rate was 29.50% for Plan A. At September 30, 2020, the contractually-required employer contribution rate was 29.50% for Plan A. The actuarially determined rate is the rate calculated to provide employer contributions that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

In accordance with state statute, MERS receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations.

The City's contractually required contribution rate for the year ended September 30, 2020, was 29.50% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

Contributions to the pension plan from the City were \$145,922 for the year ended September 30, 2020.

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

At September 30, 2020, the City reported a liability of \$1,195,695 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The City's proportion of the Net Pension Liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the City's proportion was 0.254719%, which was an increase of 0.021844 percentage points from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the City recognized pension expense of \$262,138.

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana
Notes to the Financial Statements

10. RETIREMENT PLANS (Continued)

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to MERS from the following sources:

	Governmental Activities		Business-type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 220	\$ (2,709)	\$ 334	\$ (4,070)
Changes of assumptions	8,037	-	12,080	-
Net difference between projected and actual earnings on pension plan investments	47,667	-	71,651	-
Change in proportion and differences between employer contributions and proportionate share of contributions	24,450	-	36,753	-
Employer contributions subsequent to the measurement date	15,575	-	23,412	-
Total	\$ 95,949	\$ (2,709)	\$ 144,230	\$ (4,070)

Deferred outflows of resources of \$38,987 related to MERS resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MERS will be recognized in pension expense as follows:

Year Ended <u>September 30</u>	
2021	\$ 84,168
2022	65,643
2023	27,112
2024	17,490
	\$ 194,413

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana
Notes to the Financial Statements

10. RETIREMENT PLANS (Continued)

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System’s actuary. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City’s proportionate share of the MERS net pension liability calculated using the discount rate of 6.95%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2020:

	One Percentage Point Decrease 5.950%		Current Discount Rate 6.950%		One Percentage Point Increase 7.950%
Net Pension Liability	\$ 1,555,468	\$	1,195,695	\$	891,492

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Municipal Employees' Retirement System of Louisiana Annual Financial Report at www.mersla.com or www.la.state.la.us.

Municipal Police Employees’ Retirement System of Louisiana (MPERS)

Plan Description

The City contributes to MPERS which is a cost-sharing multiple-employer defined benefit pension plan. MPERS was established by Act 189 of the 1973 regular session of the Legislative of the State of Louisiana to provide retirement, disability, and survivor benefits to municipal police officers in Louisiana.

The Municipal Police Employees' Retirement System is the administrator of MPERS. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211- 11:2233.

MPERS issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at www.lampers.org or www.la.state.la.us.

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana
Notes to the Financial Statements

10. RETIREMENT PLANS (Continued)

Benefits Provided

The following is a description of the Plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

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

- a. At any age after 25 years of creditable service
- b. At age 55 after 12 years of creditable service
- c. At age 50 after 20 years of creditable service
- d. At any age after 20 years of creditable service, with an actuarially reduced benefit

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

- a. At any age after 25 years of creditable service
- b. At age 55 after 12 years of creditable service
- c. At any age after 20 years of creditable service, with an actuarially reduced benefit from age 55

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

- a. At any age after 30 years of creditable service
- b. At age 60 after 10 years of creditable service
- c. At age 55 after 25 years of creditable service
- d. At any age after 20 years of creditable service, with an actuarially reduced benefit from age 55

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

Benefit rates for membership after January 1, 2013, are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana
Notes to the Financial Statements

10. RETIREMENT PLANS (Continued)

Deferred Retirement Option Plan (DROP) Benefits. A member is eligible to elect to enter DROP when he/she is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty- six months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefits based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If the member elects a money market investment return, the funds are transferred to a government money market account.

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

Survivor's Benefits. Upon the death of an active contributing member (membership prior to January 1, 2013), or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200/month, whichever is greater.

Upon the death of an active contributing member (membership after to January 1, 2013), or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200/month, whichever is greater. If the deceased member had less than ten years of service, the beneficiary will receive a refund of employee contributions only.

Cost-of-Living Increases. The Board of Trustees is authorized to provide annual cost-of-living adjustments (COLA) computed on the amount of the current regular retirement, disability, beneficiary, or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility. No regular retiree, survivor, or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a COLA until they reach retirement age.

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana
Notes to the Financial Statements

10. RETIREMENT PLANS (Continued)

Initial Benefit Option Plan. In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefits, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on the same criteria as DROP.

Contributions

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay.

For the year ended September 30, 2020, total contributions due for employers and employees were 43.75%. The employer and employee contribution rates for all members hired prior to January 1, 2013, and Hazardous Duty members hired after January 1, 2013, were 33.75% and 10.0%, respectively.

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended September 30, 2020, and excluded from pension expense.

The City's contractually-required contribution rate for the year ended September 30, 2020, was 33.75% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

Contributions to the pension plan from the City were \$147,824 for the year ended September 30, 2020.

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

At September 30, 2020, the City reported a liability of \$1,238,047 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The City's proportion of the Net Pension Liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the City's proportion was 0.093772%, which was an increase of .040182 percentage points from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the City recognized pension expense of \$358,357.

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana
Notes to the Financial Statements

10. RETIREMENT PLANS (Continued)

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to MPERS from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (48,766)
Changes of assumptions	29,419	(30,553)
Net difference between projected and actual earnings on pension plan investments	148,529	-
Change in proportion and differences between employer contributions and proportionate share of contributions	258,455	(23,292)
Employer contributions subsequent to the measurement date	35,448	-
Total	\$ 471,851	\$ (102,611)

Deferred outflows of resources of \$35,448 related to MPERS resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MPERS will be recognized in pension expense as follows:

Year Ended <u>September 30</u>	
2021	\$ 86,120
2022	108,879
2023	110,587
2024	28,206
	\$ 333,792

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana
Notes to the Financial Statements

10. RETIREMENT PLANS (Continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability of MPERS as of June 30, 2020 are as follows:

Valuation date	June 30, 2020
Actuarial cost method	Entry Age Normal
Expected remaining service lives	4 years
Actuarial assumptions:	
Investment rate of return	6.95%, net of investment expense
Inflation rate	2.500%
Projected salary increases	1-2 years of service: 12.30% Above 2 years of service: 4.70%
Mortality Rates	For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used. For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2010 through June 30, 2014, and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana
Notes to the Financial Statements

10. RETIREMENT PLANS (Continued)

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the MPERS net pension liability calculated using the discount rate of 7.125%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2020:

	One Percentage Point Decrease 5.950%	Current Discount Rate 6.950%	One Percentage Point Increase 7.950%
Net Pension Liability	\$ 1,739,324	\$ 1,238,047	\$ 819,000

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Municipal Police Employees' Retirement System of Louisiana Annual Financial Report at www.lampers.org or on www.lla.state.la.us.

11. RISK MANAGEMENT

The City has been advised by its legal counsel that he is not aware of any litigation (actual or threatened), claims, or assessments against the City. The City is secured from various types of claims and other potential loss via commercial insurance.

12. COMPENSATION OF THE CITY COUNCIL

Salaries paid to the City Council during the year was as follows:

Denise Maddox	\$ 1,800
Daisy Cole	1,800
Judy Landry	1,800
Ronda Jacobs	1,800
Mark Peloquin	1,800
	\$ 9,000

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana
Notes to the Financial Statements

13. SEWER CUSTOMERS AND RATES

Following are the sewer rates by customer type as of yearend:

	<u>Rate per Month</u>	<u>Number of Customers</u>
Residential:		
Inside city limits	\$18	1,191
Oustside city limits	\$22	55
Commercial:		
Small business	\$26	79
Convenience store and banks	\$42	15
Small RV park	\$50	2
Funeral home, bar, and washateria	\$62	5
Restaurants	\$82	10
Grocery stores	\$122	1
Small motel	\$202	1
Medium motel	\$322	1
Elderly housing complex	\$242	2
Nursing home and hospital	\$402	2
Schools	\$604	4
Small apartment complex (based on no. of units)	\$162-194	3
Large mobile home park	\$560	1
Large apartment complex	\$770	1

14. SUBSEQUENT EVENTS

The City has evaluated its September 30, 2020 financial statements for subsequent events through September 24, 2021, the date the financial statements were available to be issued. The City is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

Required Supplementary Information

CITY OF DEQUINCY, LOUISIANA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes	\$ 265,500	\$ 282,500	\$ 253,641	\$ (28,859)
Licenses and permits	241,400	245,400	270,746	25,346
Intergovernmental	77,000	12,000	26,662	14,662
Charges for services	260,000	292,000	279,592	(12,408)
Miscellaneous	22,000	349,000	356,930	7,930
Interest earned	1,510	13,510	13,962	452
Grants	305,000	1,523,000	1,412,805	(110,195)
Total revenues	<u>1,172,410</u>	<u>2,717,410</u>	<u>2,614,338</u>	<u>(103,072)</u>
EXPENDITURES				
Current:				
General government	468,550	1,325,050	1,269,320	55,730
Sanitation	250,000	263,000	263,467	(467)
Culture and recreation	21,000	21,000	50,320	(29,320)
Capital outlay	350,000	263,000	265,892	(2,892)
Debt Service:				
Principal	15,500	15,500	21,059	(5,559)
Interest	-	-	17,195	(17,195)
Total expenditures	<u>1,105,050</u>	<u>1,887,550</u>	<u>1,887,253</u>	<u>297</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	67,360	829,860	727,085	(102,775)
OTHER FINANCING SOURCES (USES)				
Sales of fixed assets	-	99,000	98,850	(150)
Operating transfers in	-	-	52,937	52,937
Operating transfers (out)	(677,820)	(677,820)	(835,801)	(157,981)
Total other financing sources (uses)	<u>(677,820)</u>	<u>(578,820)</u>	<u>(684,014)</u>	<u>(105,194)</u>
NET CHANGES IN FUND BALANCE	<u>(610,460)</u>	<u>251,040</u>	<u>43,071</u>	<u>(207,969)</u>
Beginning fund balance	<u>2,142,403</u>	<u>2,142,403</u>	<u>2,142,403</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 1,531,943</u>	<u>\$ 2,393,443</u>	<u>\$ 2,185,474</u>	<u>\$ (207,969)</u>

See accompanying notes to required supplemental information.

CITY OF DEQUINCY, LOUISIANA
PUBLIC SAFETY SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 280,000	\$ 304,000	\$ 303,814	\$ (186)
Charges for services	80,000	88,500	97,035	8,535
Fines and forfeits	250,000	251,500	258,314	6,814
Miscellaneous	2,000	32,700	28,680	(4,020)
Interest earned	1,000	1,000	930	(70)
Grants	20,000	60,000	59,949	(51)
Total revenues	<u>633,000</u>	<u>737,700</u>	<u>748,722</u>	<u>11,022</u>
EXPENDITURES				
Current:				
Public safety	1,206,820	1,588,820	1,588,004	816
Capital outlay	103,000	148,000	148,554	(554)
Total expenditures	<u>1,309,820</u>	<u>1,736,820</u>	<u>1,736,558</u>	<u>262</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	(676,820)	(999,120)	(987,836)	11,284
OTHER FINANCING SOURCES (USES)				
Sales of fixed assets	-	1,000	1,125	125
Proceeds of issuance of debt	-	-	53,636	53,636
Operating transfers in	677,820	677,820	838,100	160,280
Total other financing sources (uses)	<u>677,820</u>	<u>678,820</u>	<u>892,861</u>	<u>214,041</u>
NET CHANGES IN FUND BALANCE				
	1,000	(320,300)	(94,975)	225,325
Beginning fund balance	<u>199,792</u>	<u>199,792</u>	<u>199,792</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 200,792</u>	<u>\$ (120,508)</u>	<u>\$ 104,817</u>	<u>\$ 225,325</u>

See accompanying notes to required supplemental information.

CITY OF DEQUINCY, LOUISIANA
STREETS SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 619,000	\$ 645,000	\$ 645,621	\$ 621
Miscellaneous	-	49,000	61,734	12,734
Interest earned	-	8,500	8,361	(139)
Grants	23,500	17,000	1,690	(15,310)
Total revenues	642,500	719,500	717,406	(2,094)
EXPENDITURES				
Current:				
Highways and streets	813,300	604,550	603,988	562
Capital outlay	160,000	25,000	25,386	(386)
Total expenditures	973,300	629,550	629,374	176
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(330,800)	89,950	88,032	(1,918)
OTHER FINANCING SOURCES (USES)				
Sales of fixed assets	-	-	255	255
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	(1,873)	(1,873)
Total other financing sources (uses)	-	-	(1,618)	(1,618)
NET CHANGES IN FUND BALANCE	(330,800)	89,950	86,414	(3,536)
Beginning fund balance	754,261	754,261	754,261	-
ENDING FUND BALANCE	\$ 423,461	\$ 844,211	\$ 840,675	\$ (3,536)

See accompanying notes to required supplemental information.

CITY OF DEQUINCY
DeQuincy, Louisiana

Schedule of Employer's Proportionate Share
of Net Pension Liability (NPL)

<u>Measurement Date</u>	<u>Employer's Proportion of NPL</u>	<u>Employer's Proportionate Share of NPL</u>	<u>Employer's Covered Payroll</u>	<u>Share of NPL as % of Covered Payroll</u>	<u>Plan % Funded</u>
MERS:					
6/30/2020	0.276563%	1,195,695	528,602	226.20%	64.52%
6/30/2019	0.254719%	1,064,384	472,619	225.21%	64.68%
6/30/2018	0.249245%	1,032,043	455,188	226.73%	63.94%
6/30/2017	0.258004%	1,079,339	468,554	230.36%	62.49%
6/30/2016	0.269053%	1,102,770	480,623	229.45%	62.11%
6/30/2015	0.272213%	972,387	464,603	209.29%	66.18%
6/30/2014	0.265787%	682,128	447,851	152.31%	74.08%
MPERS:					
6/30/2020	0.133954%	1,238,047	413,748	299.23%	70.94%
6/30/2019	0.093772%	851,607	296,667	287.06%	71.01%
6/30/2018	0.099676%	842,667	295,187	285.47%	71.89%
6/30/2017	0.094486%	824,903	281,068	293.49%	70.08%
6/30/2016	0.100781%	944,602	262,302	360.12%	66.04%
6/30/2015	0.098160%	768,981	260,504	295.19%	70.73%
6/30/2014	0.093498%	584,931	285,005	205.24%	75.10%

See accompanying notes to required supplemental information.

CITY OF DEQUINCY
DeQuincy, Louisiana

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Actual Contributions</u>	<u>Contribution Deficiency</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
MERS:					
6/30/2020	146,687	146,687	-	528,602	27.75%
6/30/2019	122,881	122,881	-	472,619	26.00%
6/30/2018	112,659	112,659	-	455,188	24.75%
6/30/2017	106,596	106,596	-	468,554	22.75%
6/30/2016	94,923	94,923	-	480,623	19.75%
6/30/2015	91,759	91,759	-	464,603	19.75%
6/30/2014	83,972	83,972	-	447,851	18.75%
MPERS:					
6/30/2020	134,468	134,468	-	413,748	32.50%
6/30/2019	95,675	95,675	-	296,667	32.25%
6/30/2018	90,770	90,770	-	295,187	30.75%
6/30/2017	89,239	89,239	-	281,068	31.75%
6/30/2016	83,281	83,281	-	262,302	31.75%
6/30/2015	82,710	82,710	-	260,504	31.75%
6/30/2014	90,489	90,489	-	285,005	31.75%

See accompanying notes to required supplemental information.

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

1. BUDGETS

Formal budget integration (within the accounting records) is employed as a management control device. All budgets are controlled at the division, departmental, or project level. However, when projected revenues within a fund fail to meet budgeted revenues and/or projected expenditures within a fund exceed budgeted expenditures by five percent or more, a budget amendment is adopted by the City in an open meeting.

Budgets are prepared for all governmental funds of the City. The budgets are prepared on the modified accrual basis of accounting (GAAP). Budgeted amounts are as originally adopted or as amended by the City Council. Legally, the City Council must adopt a balanced budget; that is, total budgeted revenues and other financing sources (including fund balance) must equal or exceed total budgeted expenditures and other financing uses. State statutes require the City Council to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures plus projected expenditures within a fund are expected to exceed budgeted expenditures by five percent or more. The City approves budgets at the function level and management can transfer amounts between line items within a function.

2. PENSIONS

Changes of Benefit Terms. For MERS, there were no changes in benefit terms for the year ended June 30, 2020. For MPERS, there were no changes in benefit terms for the year ended June 30, 2020.

Changes of Assumptions. For MERS, changes to benefit assumptions for the year ended June 30, 2020, included decreases in investment rate of return from 7.00% to 6.95%. For MPERS, changes to benefit assumptions for the year ended June 30, 2020, included decreases in investment rate of return from 7.125% to 6.95%.

Other Supplemental Information

CITY OF DEQUINCY, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

For the Year Ended September 30, 2020

<u>Purpose</u>	<u>Amount</u>
Mayor Riley Smith	
Salary	\$ 18,000
Benefits-insurance	7,768
Benefits-retirement	5,074
Conference travel	262
	<hr/>
	\$ 31,104
	<hr/> <hr/>

Compliance and Internal Control

CITY OF DEQUINCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Federal Grantor Program Title	Federal CFDA Number	Identifier Number	Federal Expenditures
U.S. Department of Transportation			
Passed through the Louisiana Department of Transportation and Development:			
Airport Improvement Program:			
Perimeter Fencing-Phase II	20.106	H.013570	\$ 95,850
Perimeter Fencing-Phase III	20.106	H.013978	113,534
U.S. Department of Treasury			
Passed through the Louisiana Department of Treasury:			
Coronavirus Relief Fund	21.019	N/A	59,949
U.S. Department of Homeland Security			
Passed through the Governor's Office of Homeland Security and Emergency Preparedness:			
Public Assistance (Presidentially Declared Disasters)	97.036	* N/A	<u>919,515</u>
Total Expenditures			<u>\$ 1,188,848</u>

* - denotes a major program

**CITY OF DEQUINCY
NOTES TO THE SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the City of DeQuincy. The City of DeQuincy (the "City") reporting entity is defined in Note 1 to the City's financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's financial statements.

3. RELATIONSHIP TO FINANCIAL STATEMENTS

Federal awards revenues are reported in the City's financial statements as follows:

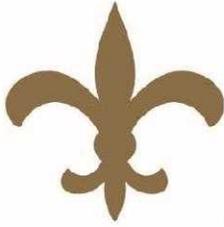
General Fund	\$ 919,515
Public Safety Special Revenue Fund	59,949
Industrial Airpark Fund	209,384

4. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

5. MATCHING REVENUES

For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.



J. Aaron Cooper, CPA, LLC

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

Honorable Mayor and City Council
City of DeQuincy, Louisiana

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of governmental activities, the business-type activities, the major funds, and the aggregate remaining fund information of the City of DeQuincy, Louisiana as of and for the year ended September 30, 2020, which collectively comprise the City's basic financial statements and have issued my report thereon dated September 24, 2021.

Internal Control Over Financial Reporting

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

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

My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses. I did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs (Findings 2020-1(IC)) that I consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and described in the accompanying schedule of findings and questioned costs (Findings 2020-1(C)).

Response to Findings

The response by the City of DeQuincy to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

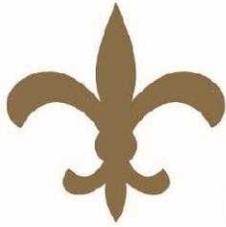
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Restrictions on this Report

This report is intended solely for the information and use of the City of DeQuincy, its management, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "J. Aaron Cozart, CPA, LLC". The signature is written in a cursive, flowing style.

DeQuincy, Louisiana
September 24, 2021



J. Aaron Cooper, CPA, LLC

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

City of DeQuincy, Louisiana
DeQuincy, Louisiana

Report on Compliance for Each Major Program

I have audited the compliance of the City of DeQuincy with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020. The City's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on the compliance for each of the City's major programs based on my audit of the types of compliance requirement referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major program. However, my audit does not provide a legal determination on the City's compliance with those requirements.

Opinion on Each Major Program

In my opinion the City of DeQuincy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control Over Compliance

The management of the City of DeQuincy is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the City's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the entity's internal control over compliance that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the information and use of the City of DeQuincy, the City's management, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



DeRidder, Louisiana
September 24, 2021

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2020

Section I - Summary of Audit Results

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiency identified not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

Management Letter

N/A

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
Year Ended September 30, 2020

Section II – Financial Statement Findings

Internal Control:

Finding 2020-1(IC) – Purchase orders

Finding. During the course of auditing cash disbursements, it was noted that numerous purchases greater than \$150 included signed purchase orders, however, no amounts were indicated on the purchase orders. Additionally, some purchase orders were not dated.

Criteria. Good internal controls dictate that purchases be authorized by a member of management prior to purchase. City policy requires a purchase order on all purchases over \$150.

Cause. Auditor was unable to determine cause of finding.

Effect. Without a good purchase order system, unauthorized purchases could be made by City employees.

Recommendation. Purchase orders should be obtained for all purchases over \$150 in accordance with City policy.

Corrective Action Taken. Proper purchasing procedures were communicated to employees to ensure compliance.

Compliance:

Finding 2020-1(C) – Compliance with Bid Law

Finding. During the course of auditing purchases, it was noted that there was a purchase of piece of equipment over \$10,000 which did not comply with bid law.

Criteria. All equipment purchases between \$10,000 and \$30,000 require at least three quotes.

Cause. Auditor was unable to determine cause of finding.

Effect. The foregoing finding results in the City not being in compliance with state law.

Recommendation. All purchases over \$10,000 should require three quotes and all purchases over \$30,000 should be publicly bid.

Corrective Action Taken. Proper purchasing procedures were communicated to employees to ensure compliance.

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended September 30, 2020

Section II – Financial Statement Findings

None noted.