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**CITY OF DEQUINCY, LOUISIANA  
ANNUAL FINANCIAL REPORT  
SEPTEMBER 30, 1998**

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

Release Date ~~MAR 3 1 1999~~



CITY OF DEQUINCY, LOUISIANA

ANNUAL FINANCIAL REPORT  
September 30, 1998

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CITY OF DEQUINCY, LOUISIANA

September 30, 1998

MAYOR

The Honorable L. A. Henagan

CITY COUNCIL

Ms. Lucille Wilcox  
Mr. Robert Landry  
Mr. Malcolm Lyle

Mr. Charles Russell  
Reverend Isaiah Buck

LEGAL COUNSEL

Mr. Tommy C. Rutledge

CITY CLERK

Ms. Joy Fontenot



# McELROY, QUIRK & BURCH

A Professional Corporation • Certified Public Accountants • Since 1925  
800 Kirby Street • P.O. Box 3070 • Lake Charles, LA 70602-3070  
318 433-1063 • Fax 318 436-6618 • E-mail: mqb@iamerica.net

Carl W. Comeaux, CPA  
Barbara Hutson Gonzales, CPA  
Judson J. McCann Jr., CPA  
Martin L. Chehotsky, CPA, CFE  
Robert M. Gani, CPA  
Tina L. Demarest, CPA



Mollie C. Broussard, CPA

Charles P. Quirk, CPA  
Ortray J. Woods Jr., CPA  
Robert E. Cargile, CPA  
William A. Mancuso, CPA

Charles I. McElroy, CPA (1917-1997)  
Patrick J. Reddin, CPA (1926-1995)  
Frank D. Burch, CPA (1921-1991)

## INDEPENDENT AUDITORS' REPORT

F:\ADMIN\DIRECT\AUDIT\DE QUINCY.LSP-0

Honorable Mayor and City Council  
City of DeQuincy  
DeQuincy, Louisiana

We have audited the accompanying general purpose financial statements and the combining, individual fund, and account group financial statements of the City of DeQuincy, Louisiana, as of and for the year ended September 30, 1998, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures About Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issue. The City of DeQuincy, Louisiana, has included such disclosures in Note 19. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the City of DeQuincy's disclosures with respect to the year 2000 issue made in Note 19. Further, we do not provide assurance that the City of DeQuincy, Louisiana, is or will be year 2000 ready, that the City of DeQuincy's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City of DeQuincy does business will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of DeQuincy, Louisiana, as of September 30, 1998, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining, individual fund, and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the City of DeQuincy, Louisiana at September 30, 1998, and the results of operations of such funds and the cash flows of individual proprietary funds for the year then ended, in conformity with generally accepted accounting principles.

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

*McElroy, Quinn & Burch*

Lake Charles, Louisiana  
November 25, 1998



**GENERAL PURPOSE FINANCIAL STATEMENTS**  
**(COMBINED STATEMENTS - OVERVIEW)**

CITY OF DEQUINCY, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS AND  
DISCREETLY REPORTED COMPONENT UNIT  
September 30, 1998

<u>ASSETS AND OTHER DEBITS</u>	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Cash	\$ 67,860	\$ 154,846	\$ 233,935	\$ 184
Investments, at cost	-	236,510	-	-
Receivables	-	31,303	-	-
Inventory of material and supplies	-	-	-	-
Other receivables	-	-	-	-
Bond issue cost, net of accumulated amortization	-	-	-	-
Prepaid expenses	-	-	-	-
Notes receivable, current portion	-	-	-	-
Other assets	-	-	-	-
Due from other funds	928	185,413	-	-
Restricted assets:				
Cash and investments, at cost	-	-	-	-
Fixed assets (net of accumulated depreciation)	-	-	-	-
Notes receivable, due after one year	-	-	-	-
Amount available in debt service funds	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
 Total assets	<u>\$ 68,788</u>	<u>\$ 608,072</u>	<u>\$ 233,935</u>	<u>\$ 184</u>

Proprietary Fund Types <u>Enterprise</u>	<u>Account Groups</u>		<u>Total</u> <u>Memorandum</u> <u>Only</u>	<u>Component</u> <u>Unit</u>	<u>Total</u> <u>Memorandum</u> <u>Only</u>
	<u>General</u>	<u>Long-Term</u>	<u>Primary</u>		<u>Reporting</u>
	<u>Fixed</u> <u>Assets</u>	<u>Debt</u>	<u>Government</u>		<u>Unit</u>
\$ 237,811	\$ -	\$ -	\$ 694,636	\$ 93,897	\$ 788,533
905,996	-	-	1,142,506	-	1,142,506
69,238	-	-	100,541	1,001,955	1,102,496
-	-	-	-	81,983	81,983
-	-	-	-	607,933	607,933
-	-	-	-	11,870	11,870
8,880	-	-	8,880	30,944	39,824
39,477	-	-	39,477	-	39,477
40	-	-	40	-	40
7,500	-	-	193,841	-	193,841
158,736	-	-	158,736	-	158,736
1,555,614	5,341,861	-	6,897,475	1,681,692	8,579,167
85,379	-	-	85,379	-	85,379
-	-	233,935	233,935	-	233,935
-	-	<u>2,269,643</u>	<u>2,269,643</u>	-	<u>2,269,643</u>
<u>\$ 3,068,671</u>	<u>\$ 5,341,861</u>	<u>\$ 2,503,578</u>	<u>\$ 11,825,089</u>	<u>\$ 3,510,274</u>	<u>\$ 15,335,363</u>

(continued on next page)

CITY OF DEQUINCY, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS AND  
DISCREETLY REPORTED COMPONENT UNIT

September 30, 1997

(Continued)

<u>LIABILITIES AND EQUITY</u>	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Liabilities:				
Notes payable	\$ -	\$ -	\$ -	\$ -
Accounts payable	36,763	17,317	-	-
Employees' retirement payable	3,377	6,310	-	-
Payroll taxes payable	-	-	-	-
Other accrued liabilities	-	-	-	-
Due to other funds	165	8,917	-	-
Payable from restricted assets:				
Revenue bonds	-	-	-	-
Customer deposits	-	-	-	-
General obligation bonds payable	-	-	-	-
Revenue bonds payable	-	-	-	-
Obligations under capital leases	-	-	-	-
Loans and notes payable	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	<u>40,305</u>	<u>32,544</u>	<u>-</u>	<u>-</u>
Fund equity:				
Contributed capital	-	-	-	-
Investment in general fixed assets	-	-	-	-
Retained earnings:				
Reserved for revenue bond retirement	-	-	-	-
Reserved for future loans	-	-	-	-
Unreserved:				
Designated for capital expenditures	-	-	-	-
Undesignated	-	-	-	-
Fund balance:				
Reserved for debt service	-	-	233,935	-
Reserved for capital expenditures	-	-	-	184
Unreserved:				
Undesignated	<u>28,483</u>	<u>575,528</u>	<u>-</u>	<u>-</u>
Total retained earnings/ fund balance	<u>28,483</u>	<u>575,528</u>	<u>233,935</u>	<u>184</u>
Total fund equity	<u>28,483</u>	<u>575,528</u>	<u>233,935</u>	<u>184</u>
Total liabilities and fund equity	<u>\$ 68,788</u>	<u>\$ 608,072</u>	<u>\$ 233,935</u>	<u>\$ 184</u>

See accompanying notes to financial statements

Proprietary Fund Types <u>Enterprise</u>	<u>Account Groups</u>		Total Memorandum Only Primary Government	Component Unit	Total Memorandum Only Reporting Unit
	General Fixed Assets	Long-Term Debt			
\$ 360,190	\$ -	\$ -	\$ 360,190	\$ 44,114	\$ 404,304
37,425	-	-	91,505	562,459	653,964
2,284	-	-	11,971	-	11,971
-	-	-	-	6,356	6,356
63	-	-	63	385,198	385,261
184,759	-	-	193,841	-	193,841
25,000	-	-	25,000	-	25,000
101,203	-	-	101,203	-	101,203
-	-	255,000	255,000	-	255,000
-	-	2,218,578	2,218,578	1,739,999	3,958,577
-	-	-	-	79,457	79,457
-	-	30,000	30,000	50,000	80,000
-	-	-	-	649,726	649,726
<u>710,924</u>	<u>-</u>	<u>2,503,578</u>	<u>3,287,351</u>	<u>3,517,309</u>	<u>6,804,660</u>
1,496,002	-	-	1,496,002	-	1,496,002
-	5,341,861	-	5,341,861	-	5,341,861
56,633	-	-	56,633	-	56,633
197,760	-	-	197,760	-	197,760
100,000	-	-	100,000	-	100,000
507,352	-	-	507,352	(7,035)	500,317
-	-	-	233,935	-	233,935
-	-	-	184	-	184
-	-	-	604,011	-	604,011
<u>861,745</u>	<u>-</u>	<u>-</u>	<u>1,699,875</u>	<u>(7,035)</u>	<u>1,692,840</u>
<u>2,357,747</u>	<u>5,341,861</u>	<u>-</u>	<u>8,537,738</u>	<u>(7,035)</u>	<u>8,530,703</u>
<u>\$ 3,068,671</u>	<u>\$ 5,341,861</u>	<u>\$ 2,503,578</u>	<u>\$ 11,825,089</u>	<u>\$ 3,510,274</u>	<u>\$ 15,335,363</u>

CITY OF DEQUINCY, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
 Year Ended September 30, 1998

	<u>Governmental Fund</u>	
	<u>General</u>	<u>Special Revenue</u>
Revenues:		
Taxes	\$ 338,048	\$ 672,918
Licenses and permits	99,312	-
Intergovernmental	38,668	-
Charges for services	128,813	-
Fines and forfeits	72,395	-
Miscellaneous	18,983	54,252
Interest on investments	2,208	24,001
Sewer user fee	-	166,332
Grants	<u>192,942</u>	<u>-</u>
Total revenues	<u>891,369</u>	<u>917,503</u>
Expenditures:		
Current:		
General government	408,543	-
Public safety	451,803	-
Sanitation	140,514	274,629
Highways and streets	-	291,355
Culture and recreation	78,000	-
Debt service	32,438	-
Capital outlay	<u>-</u>	<u>-</u>
Total expenditures	<u>1,111,298</u>	<u>565,984</u>
Excess (deficiency) of revenues over expenditures	<u>(219,929)</u>	<u>351,519</u>
Other financing sources (uses):		
Operating transfers in	234,713	-
Operating transfers out	-	(285,965)
Bonds issued	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>234,713</u>	<u>(285,965)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	14,784	65,554
Fund balance at beginning of year	<u>13,699</u>	<u>509,974</u>
Fund balance at end of year	<u>\$ 28,483</u>	<u>\$ 575,528</u>

See accompanying notes to financial statements

<u>Types</u>		<u>Totals</u>
<u>Debt</u>	<u>Capital</u>	<u>Memorandum</u>
<u>Service</u>	<u>Projects</u>	<u>Only</u>
\$ -	\$ -	\$ 1,010,966
-	-	99,312
-	-	38,668
-	-	128,813
-	-	72,395
-	-	73,235
9,151	-	35,360
-	-	166,332
-	<u>49,088</u>	<u>242,030</u>
<u>9,151</u>	<u>49,088</u>	<u>1,867,111</u>
-	-	408,543
-	-	451,803
-	-	415,143
-	-	291,355
-	-	78,000
1,496,078	-	1,528,516
-	<u>35,212</u>	<u>35,212</u>
<u>1,496,078</u>	<u>35,212</u>	<u>3,208,572</u>
<u>(1,486,927)</u>	<u>13,876</u>	<u>(1,341,461)</u>
294,478	-	529,191
-	(5,704)	(291,669)
<u>1,231,433</u>	<u>-</u>	<u>1,231,433</u>
<u>1,525,911</u>	<u>(5,704)</u>	<u>1,468,955</u>
38,984	8,172	127,494
<u>194,951</u>	<u>(8,172)</u>	<u>710,452</u>
<u>\$ 233,935</u>	<u>\$ -</u>	<u>\$ 837,946</u>

CITY OF DEQUINCY, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET (GAAP BASIS) AND ACTUAL-ALL GOVERNMENTAL FUND TYPES  
 Year Ended September 30, 1997

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 320,000	\$ 338,048	\$ 18,048
Licenses and permits	90,000	99,312	9,312
Intergovernmental	24,500	38,668	14,168
Charges for services	130,000	128,813	(1,187)
Fines and forfeits	60,000	72,395	12,395
Miscellaneous	50,000	18,983	(31,017)
Interest on investments	2,000	2,208	208
Sewer user fees	-	-	-
Grants	<u>125,000</u>	<u>192,942</u>	<u>67,942</u>
Total revenues	<u>801,500</u>	<u>891,369</u>	<u>89,869</u>
Expenditures:			
General government	437,400	408,543	28,857
Public safety	548,400	451,803	96,597
Sanitation	130,000	140,514	(10,514)
Highways and streets	-	-	-
Culture and recreation	59,900	78,000	(18,100)
Debt service	<u>32,000</u>	<u>32,438</u>	<u>(438)</u>
Total expenditures	<u>1,207,700</u>	<u>1,111,298</u>	<u>96,402</u>
Excess (deficiency) of revenues over expenditures	<u>(406,201)</u>	<u>(219,929)</u>	<u>186,271</u>
Other financing sources (uses):			
Operating transfers in	410,000	234,713	(175,287)
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>410,000</u>	<u>234,713</u>	<u>(175,287)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	3,800	14,784	10,984
Fund balances at beginning of year	<u>13,699</u>	<u>13,699</u>	<u>-</u>
Fund balances at end of year	<u>\$ 17,499</u>	<u>\$ 28,483</u>	<u>\$ 10,984</u>

See accompanying notes to financial statements



<u>Special Revenue Fund Types</u>		
<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
\$ 640,000	\$ 672,918	\$ 32,918
-	-	-
-	-	-
-	-	-
29,000	54,252	25,252
13,700	24,001	10,301
150,000	166,332	16,332
-	-	-
<u>832,700</u>	<u>917,503</u>	<u>84,803</u>
-	-	-
-	-	-
172,450	274,629	(102,179)
329,900	291,355	38,545
-	-	-
-	-	-
<u>502,350</u>	<u>565,984</u>	<u>(63,634)</u>
<u>330,350</u>	<u>351,519</u>	<u>21,169</u>
-	-	-
<u>(230,000)</u>	<u>(285,965)</u>	<u>(55,965)</u>
<u>(230,000)</u>	<u>(285,965)</u>	<u>(55,965)</u>
100,350	65,554	(34,796)
<u>509,974</u>	<u>509,974</u>	<u>-</u>
<u>\$ 610,324</u>	<u>\$ 575,528</u>	<u>\$ (34,796)</u>

CITY OF DEQUINCY, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
 RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES AND  
 AND DISCREETLY REPORTED COMPONENT UNIT  
 Years Ended September 30, 1998 and 1997

	<u>Enterprise</u>	<u>Component</u>	<u>Totals</u>
	<u>Fund</u>	<u>Unit</u>	<u>Memorandum</u>
			<u>Only</u>
			<u>Reporting</u>
			<u>Entity</u>
Operating revenues:			
Charges for services	\$ 998,293	\$ -	\$ 998,293
Rent	6,220	-	6,220
Interest	9,114	-	9,114
Patient services and other revenue	<u>-</u>	<u>4,513,887</u>	<u>4,513,887</u>
Total operating revenues	<u>1,013,627</u>	<u>4,513,887</u>	<u>5,527,514</u>
Operating expenses:			
Personal services	133,895	-	133,895
Natural gas purchased	419,163	-	419,163
Materials and supplies	43,019	-	43,019
Heat, light and power	11,882	-	11,882
Depreciation	102,871	-	102,871
Other services and charges	111,277	-	111,277
Hospital operating expenses	<u>-</u>	<u>4,916,740</u>	<u>4,916,740</u>
Total operating expenses	<u>822,107</u>	<u>4,916,740</u>	<u>5,738,847</u>
Operating income (loss)	<u>191,520</u>	<u>(402,853)</u>	<u>(211,333)</u>
Nonoperating revenues (expenses):			
Miscellaneous revenues and grants	68,715	47,373	116,088
Interest on investments	48,768	6,554	55,322
Interest and fiscal charges	(23,335)	(112,045)	(135,380)
Other expenses	<u>-</u>	<u>(16,765)</u>	<u>(16,765)</u>
Total nonoperating revenues (expenses)	<u>94,148</u>	<u>(74,883)</u>	<u>19,265</u>
Income (loss) before operating transfers	<u>285,668</u>	<u>(477,736)</u>	<u>(192,068)</u>
Transfers and other expenses:			
Transfers from other funds	82,000	-	82,000
Transfers to other funds	<u>(319,522)</u>	<u>-</u>	<u>(319,522)</u>
Total transfers and other expenses	<u>(237,522)</u>	<u>-</u>	<u>(237,522)</u>
Net income (loss)	48,146	(477,736)	(429,590)

(continued on next page)

CITY OF DEQUINCY, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
 RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES AND  
 AND DISCREETLY REPORTED COMPONENT UNIT  
 Years Ended September 30, 1998 and 1997  
 (Continued)

	<u>Enterprise Fund</u>	<u>Component Unit</u>	<u>Totals Memorandum Only Reporting Entity</u>
Net income (loss)	48,146	(477,736)	(429,590)
Add current year's depreciation on fixed assets acquired by funds externally restricted for capital expenditures that reduces contributed capital	<u>61,838</u>	<u>-</u>	<u>61,838</u>
Increase (decrease) in retained earnings	109,984	(477,736)	(367,752)
Retained earnings at beginning of year	<u>751,761</u>	<u>470,701</u>	<u>1,222,462</u>
Retained earnings (deficit) at end of year	<u>\$ 861,745</u>	<u>\$ (7,035)</u>	<u>\$ 854,710</u>

See accompanying notes to financial statements

CITY OF DEQUINCY, LOUISIANA

COMBINED STATEMENT OF CASH FLOWS  
 ALL PROPRIETARY FUND TYPES AND DISCREETLY REPORTED COMPONENT UNIT  
 Year Ended September 30, 1998

	<u>Enterprise Fund</u>	<u>Component Unit</u>	<u>Totals Memorandum Only Reporting Entity</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income	\$ 191,520	\$ (477,736)	\$ (286,216)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation and amortization	102,871	254,112	356,983
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(10,605)	88,821	78,216
Decrease in inventories	-	3,543	3,543
(Increase) in prepaid expenses	(1,686)	(15,182)	(16,868)
Increase in accounts payable	4,288	252,190	256,478
(Decrease) in accrued liabilities	-	(46,462)	(46,462)
Net cash provided by operating activities	<u>286,388</u>	<u>59,286</u>	<u>345,674</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Miscellaneous revenues and grants	68,715	-	68,715
Operating transfers in	82,000	-	82,000
Operating transfers out	(319,522)	-	(319,522)
Advances from other funds	160,351	-	160,351
Increase in customer deposits	<u>2,361</u>	<u>-</u>	<u>2,361</u>
Net cash (used in) noncapital financing activities	<u>(6,095)</u>	<u>-</u>	<u>(6,095)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(68,911)	(6,606)	(75,517)
Principal paid on revenue bond maturities	(25,000)	-	(25,000)
Interest and fiscal charges paid on revenue bonds	(23,335)	-	(23,335)
Repayment of capital lease obligation	-	(19,543)	(19,543)
Collections on note and decrease in other receivable	14,182	-	14,182
Payments on notes	(42,812)	(109,649)	(152,461)
(Decrease) in other liabilities	-	(16,257)	(16,257)
Proceeds from notes	<u>46,251</u>	<u>-</u>	<u>46,251</u>
Net cash (used in) capital and related financing activities	<u>(99,625)</u>	<u>(152,055)</u>	<u>(251,680)</u>

(continued on next page)

CITY OF DEQUINCY, LOUISIANA

COMBINED STATEMENT OF CASH FLOWS  
 ALL PROPRIETARY FUND TYPES AND DISCREETLY REPORTED COMPONENT UNIT  
 Year Ended September 30, 1998  
 (Continued)

	<u>Enterprise</u> <u>Fund</u>	<u>Component</u> <u>Unit</u>	<u>Totals</u> <u>Memorandum</u> <u>Only</u> <u>Reporting</u> <u>Entity</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	48,768	-	48,768
Increase (decrease) in investments	<u>(109,031)</u>	<u>-</u>	<u>(109,031)</u>
Net cash (used in) investing activities	<u>(60,263)</u>	<u>-</u>	<u>(60,263)</u>
 Net increase (decrease) in cash and cash equivalents	 120,405	 (92,769)	 27,636
Cash and cash equivalents:			
Beginning of year	<u>174,939</u>	<u>186,666</u>	<u>361,605</u>
End of year	<u>\$ 295,344</u>	<u>\$ 93,897</u>	<u>\$ 389,241</u>

See accompanying notes to financial statements

CITY OF DEQUINCY, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 1998

(1) Summary of Significant Accounting Policies

The City of DeQuincy, Louisiana was incorporated July 1, 1950 under the provisions of the Lawrason Act. The City operates under a Mayor-Council form of government, which took effect in 1991.

The accounting and reporting policies of the City of DeQuincy, Louisiana conform to generally accepted accounting principles 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 certain 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 of DeQuincy, Louisiana. 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 criteria, the City of DeQuincy, Louisiana has determined that DeQuincy Memorial Hospital is a component unit of the City and will be directly reported (included as a separate item in the financial statements).

## NOTES TO FINANCIAL STATEMENTS

### B. Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into four generic fund types and two broad fund categories as follows:

#### GOVERNMENTAL FUNDS

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

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.

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

Capital Projects Funds - Capital Projects Funds account for all financial resources segregated for the acquisition or construction of major capital projects.

#### PROPRIETARY FUNDS

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

## NOTES TO FINANCIAL STATEMENTS

### ACCOUNT GROUPS

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

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

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

General Long-Term Debt Account Group - Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Cash and Cash Equivalents - For 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.



## NOTES TO FINANCIAL STATEMENTS

### C. Basis of Accounting

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

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 or 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.

The proprietary fund is accounted for and reported using a flow of economic resources measurement focus. This means that all assets and liabilities associated with the operation of these funds are included on the balance sheet and fund equity consists of contributed capital and retained earnings. The operating statements for the proprietary fund presents increases or decreases in net total assets.

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

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

NOTES TO FINANCIAL STATEMENTS

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

The Governmental Accounting Standards Board (GASB) Statement Number 20 (effective for financial statements for periods beginning after December 15, 1993) provides guidance on accounting and financial reporting for proprietary fund types and allows proprietary fund types to choose one of two options in applying pronouncements issued by the Financial Accounting Standards Board (FASB) after November 30, 1989. The City of DeQuincy has elected to use the first option for reporting its activities. This approach applies all GASB pronouncements and FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Changes to FASB statements and interpretations, APB Opinions and ARBs issued after November 30, 1989, would not apply unless adopted by GASB.

The preparation of financial statements in conformity with generally accepted accounting principles 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.

D. Budgets and Budgetary Accounting

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 Commissioners 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.

NOTES TO FINANCIAL STATEMENTS

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 Commissioners. 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 generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the Mayor and Council.

Encumbrance accounting is not used.

E. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits and state and national banks certificates of deposit.

Investments:

Louisiana state statutes authorize the City to invest in United States bonds, treasury notes, or certificates, 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. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State of Louisiana and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at cost.

NOTES TO FINANCIAL STATEMENTS

F. Property Taxes

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

G. Bad Debts

Uncollectible amounts due for customers' utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable.

H. Fixed Assets

City of DeQuincy:

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Two hundred twenty thousand six hundred dollars (\$220,600) of fixed assets in the general fixed asset account group are stated at estimated historical cost. These costs were estimated based on price levels at the estimated date of acquisition.

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

Building and improvements	15-33 1/3 years
Leasehold improvements	10 years
Gas distribution system	10-25 years
Autos and trucks	3-5 years
Machinery and equipment	5-10 years

Depreciation recorded in the proprietary fund on fixed assets acquired with contributed capital from grants externally restricted for capital acquisitions and construction has been closed to contributed capital.

## NOTES TO FINANCIAL STATEMENTS

### Component unit:

Property, plant and equipment are recorded at cost, or in the case of gifts, at fair market value at the date of contribution. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives on a straight-line basis. Depreciation expense for the year ended September 30, 1998 is \$237,347 for operations and \$14,606 on the medical office building.

Deferred bond issue cost is amortized on the straight-line method over the lives of the related bond issues.

### I. Accumulated Unpaid Sick Pay and Vacation

#### City of DeQuincy:

There exists no liability for accumulated unpaid sick pay and vacation for the City of DeQuincy, Louisiana.

### Component unit:

The component unit provides its permanent full time employees with annual paid vacation. The leave is available for use in the fiscal year succeeding the year it was earned. Upon termination of employment, any earned vacation will be paid, provided the termination is in good standing and with proper notice. The component unit's liability for accumulated unpaid annual leave of \$53,813 was accrued as of the end of its fiscal year.

### J. Total Columns on Combined Statements - Overview

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

## NOTES TO FINANCIAL STATEMENTS

### K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

### L. Inventory

City of DeQuincy:

Purchase of various operating supplies are regarded as expenditures at the time purchased, 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.

Component unit:

Inventories of materials and supplies are stated at the lower of cost or market, using the first-in, first-out method.

### M. Net Patient Service Revenue - Component Unit

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

### (2) Cash and Cash Equivalents and Investments

City of DeQuincy:

Cash and investments of the City are classified into three categories to give an indication of the level of risk assumed at year end. Category 1 includes investments insured or registered or securities which are held by the City or its agent in the name of the City. Category 2 includes uninsured and unregistered investments with the securities held by the financial institution's trust department or agent in the City's name.

NOTES TO FINANCIAL STATEMENTS

Category 3 includes uninsured and unregistered investments with the securities held by the financial institution, or by its trust department or agent, but not in the name of the City. Categories 2 and 3 were not applicable to any deposits or investments at any time during the fiscal year ended September 30, 1998.

Cash:

The City of DeQuincy maintains demand and time deposits through local depository banks which are members of the Federal Reserve System.

Deposits in excess of federally insured amounts are required by Louisiana state statute to be protected by collateral of equal market value. Authorized collateral includes general obligations of the U.S. government, obligations issued or guaranteed by an agency established by the U.S. government, general obligation bonds of any state of the U.S., or of any Louisiana parish, municipality, or school district.

The City's bank demand and time deposits at year end were entirely covered by federal depository insurance or by pledge of securities owned by the financial institution in the City's name.

Balances at September 30, 1998 are as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Category 1	\$ 200,000	\$ 200,000
Category 2	<u>991,264</u>	<u>1,046,389</u>
	<u>\$ 1,191,264</u>	<u>\$ 1,246,389</u>

Component unit:

The Hospital's deposits are required to be secured by federal deposit insurance or a pledge of securities owned by the financial institution. At the end of its fiscal year, the Hospital's bank balance of \$139,245 was secured by federal deposit insurance or by collateral.

NOTES TO FINANCIAL STATEMENTS

Investments:

Included in investments is \$804,614 in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool (see Summary of Significant Accounting Policies). In accordance with GASB Codification Section 150.165 the investment in LAMP at September 30, 1998, is not categorized in the three risk categories provided by GASB Codification Section 150.164 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 highly liquid to give its participants immediate access to their account balances.

A reconciliation of cash and investments is as follows:

	Balance <u>Sheet</u>	Carrying Amount <u>By Category</u>
Balance sheet:		
Cash	\$ 694,636	\$ 694,636
Restricted asset	<u>158,736</u>	<u>156,736</u>
	<u>853,372</u>	<u>853,372</u>
Investments:		
Certificates of deposit	337,892	337,892
Louisiana Asset Management Pool, Inc.	<u>804,614</u>	<u>-</u>
	<u>1,142,506</u>	<u>337,892</u>
	<u>\$ 1,995,878</u>	<u>\$ 1,191,264</u>

The market value is equal to the carrying amount of all investments.



NOTES TO FINANCIAL STATEMENTS

(3) Ad Valorem Taxes

For the year ended September 30, 1998, taxes of 5.97 mills were levied on property with assessed valuations totaling \$9,247,830 and were dedicated for general corporate purposes. Total taxes levied were \$55,222.

Property taxes attach as an enforceable lien on property as of April 30. Taxes are levied on November 1.

(4) Changes in General Fixed Assets

A summary of changes in general fixed assets follows - City of DeQuincy:

	<u>Balance</u> <u>9-30-97</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9-30-98</u>
Building	\$ 621,147	\$ -	\$ -	\$ 621,147
Improvements other than buildings	388,411	3,394,817	-	3,783,228
Equipment	324,799	115,612	-	440,411
Vehicles	456,723	40,352	-	497,075
Construction in progress	<u>3,359,605</u>	<u>35,212</u>	<u>3,394,817</u>	<u>-</u>
 Total general fixed assets	 <u>\$ 5,150,685</u>	 <u>\$ 3,585,993</u>	 <u>\$ 3,394,817</u>	 <u>\$ 5,341,861</u>

A summary of proprietary fund types property, plant, and equipment at September 30, 1998 follows:

City of DeQuincy:

Land	\$ 24,250
Buildings and improvements	2,225,153
Gas distribution system	593,094
Autos and trucks	106,468
Machinery and equipment	<u>180,295</u>
Total	3,129,260
Less accumulated depreciation	<u>1,573,646</u>
	 <u>\$ 1,555,614</u>

NOTES TO FINANCIAL STATEMENTS

Component unit:

Land	\$ 28,000
Land improvements	10,512
Building and fixed equipment	3,214,322
Paving	196,368
Equipment under capital leases	236,291
Movable furniture and equipment	1,536,068
Medical office building-rental property	<u>447,308</u>
	5,668,869
Less accumulated depreciation	<u>3,987,177</u>
	<u>\$ 1,681,692</u>

(5) Long-Term Debt

Summary of changes in long-term debt - City of DeQuincy:

	<u>Balance</u> <u>10-1-97</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>9-30-98</u>
Revenue bonds payable	\$ 2,567,041	\$ 1,231,433	\$ 1,299,896	\$ 2,498,578
Certificates of indebtedness- Series 1995	356,751	-	36,875	319,876
Note payable, Bank One-fire truck	60,000	-	30,000	30,000
Note payable, Bank One-ditch witch	<u>-</u>	<u>46,251</u>	<u>5,937</u>	<u>40,314</u>
	<u>\$ 2,983,792</u>	<u>\$ 1,277,684</u>	<u>\$ 1,372,708</u>	<u>\$ 2,888,768</u>

Bonds and notes payable at September 30, 1998 are comprised of the following individual issues:

Revenue bonds:

\$500,000 Public Improvement Refunding Bonds, Series 1993 of serial bonds due in annual installments of \$20,000 to \$70,000 through 2002; interest at 4.05 to 6 percent	\$ 255,000
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(continued on next page)

NOTES TO FINANCIAL STATEMENTS

<p>\$410,000 Utility Revenue Bonds of 11-1-68 serial bonds due in annual installments of \$12,000 to \$25,000 through 1998; interest at 4.5 to 5.75 percent</p>	<p>25,000</p>
<p>\$1,231,433 Utility Revenue Refunding Bonds Series 1998, single bond due in annual installments of \$438,861 to \$157,373 through 2001; interest at 7.20 percent. This bond was used to advance refund the \$1,257,856 Utility Revenue Refunding Bonds of 4-11-89</p>	<p>1,231,433</p>
<p>\$425,000 Certificate of Indebtedness Series 1995 due in quarterly installments of \$8,000 to \$13,500 through 2005; interest at 5.25%. These funds were used to purchase a building to be used for economic development</p>	<p>319,876</p>
<p>\$1,000,000 Sewer Revenue Bond, due in monthly installments of \$4,540, including interest at 4.5 percent. These funds were used to construct the sewer treatment plant</p>	<p>987,145</p>

Notes payable:

<p>Note payable to Bank One; original amount of \$144,000 dated December 1, 1993; bearing interest at the rate of 5.30%; due in annual installments. This note was used to finance the purchase of a new fire truck</p>	<p>30,000</p>
<p>Note payable to Bank One; original amount of \$46,251 dated November 21, 1997; bearing interest at the rate of 6.45% due in monthly installments, used to finance a ditch witch</p>	<p><u>40,314</u></p>
	<p><u>\$ 2,888,768</u></p>

The annual requirements to amortize all debt outstanding as of September 30, 1998, including interest payments of \$1,920,714, are as follows:

NOTES TO FINANCIAL STATEMENTS

Annual Requirements to Amortize Long-Term Debt  
September 30, 1998

Year Ending <u>September 30</u>	<u>Revenue</u>
1999-03	\$ 1,668,974
2004-08	1,177,306
2009-13	673,842
2014-18	272,400
2019-36	<u>1,016,960</u>
	<u>\$ 4,809,482</u>

The amount of \$233,935 is available in the Debt Service Funds to service the revenue bonds.

During the current year the City of DeQuincy issued Utility Revenue Refunding Bonds Series 1998 in the amount of \$1,231,433 bearing interest at the rate of 7.20%. The proceeds were used to pay off the Utility Revenue Refunding Bonds of 4-11-89 in the amount of \$1,210,072. The refunding resulted in an economic gain of \$348,442, as well as cash flow savings of \$902,020 over the life of the bonds.

Summary of long-term debt and capital leases at September 30, 1998 - component unit:

\$200,000 of Hospital Revenue Bonds, 1981 Series dated February 9, 1982, bearing 5% interest, payable in yearly installments on January 19, to Farmers Home Administration, collateralized by property and plant	\$ 125,000
\$1,000,000 of Hospital Revenue Bonds, 1979 2nd Series, dated November 14, 1979, bearing 5% interest, payable in yearly installments on January 19, to Farmers Home Administration, collateralized by property and plant	370,000

(continued on next page)

NOTES TO FINANCIAL STATEMENTS

\$2,100,000 of Hospital Revenue Bonds of the City of DeQuincy, State of Louisiana, dated January 19, 1979, bearing 5% interest, payable in yearly installments on January 19, to Farmers Home Administration, collateralized by property and plant	1,230,000
\$135,000 Certificate of Indebtedness of the City of DeQuincy, State of Louisiana, 1st Series, dated December 1, 1991, bearing 6.75% interest, principal payments yearly on December 1 to City of DeQuincy, with interest payments on June 1 and December 1, unsecured	65,000
6.45% note payable to First National Bank of Lake Charles, Louisiana, dated August 2, 1996, payable in monthly installments of \$1,259 including interest, collateralized by equipment	<u>44,113</u>
	<u>\$ 1,834,113</u>
Capital lease obligations, at varying rates of imputed interest from 5.5% to 9.69%, collateralized by leased equipment	<u>\$ 79,457</u>

Under the terms of the bond indentures, the Hospital is required to maintain funds in the bond sinking fund, bond reserve fund, and the bond contingency fund. These amounts were unfunded as of February 10, 1998.

Scheduled principal repayments on long-term debt and payments on capital lease obligations for the next five years are as follows:

	<u>Long-Term Debt</u>	<u>Obligations Under Capital Leases</u>
1999	\$ 244,781	\$ 71,891
2000	175,472	7,566
2001	187,366	-
2002	191,644	-
2003	<u>173,000</u>	<u>-</u>
	<u>\$ 972,263</u>	<u>\$ 79,457</u>

NOTES TO FINANCIAL STATEMENTS

(6) Dedication of Proceeds and Flow of Funds - 2% Sales and Use Tax

Proceeds of a 1% sales and use tax levied by the City of DeQuincy (1998 collections \$336,527; 1997 \$329,404) are dedicated as follows:

1. Provide funds for the maintenance of the City's streets.
2. Proceeds of the sales and use tax have been pledged and dedicated to the retirement of Street Public Improvement Bonds of 1967.

Proceeds of an additional 1% sales and use tax levied by the City of DeQuincy, effective December 1, 1983 (1998 collections \$336,527; 1997 \$329,404) 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 1/2% sales and use tax levied by the City effective October 1, 1993 (1998 collections \$168,263; 1997 \$164,702) are dedicated as follows:

1. 44% of proceeds are dedicated to Police Department expenses.
2. 28% of proceeds are dedicated to Fire Department expenses.
3. 28% of proceeds are dedicated to DeQuincy Hospital.

(7) Individual Fund Interfund Receivable and Payable Balances

Such balances at September 30, 1998 were:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 928	\$ 165
Special Revenue Funds:		
Sewer Maintenance Fund	165,143	-
Sales Tax Fund	20,270	8,917
Enterprise Funds:		
Gas Utility Revenue Fund	7,500	38,111
Airpark Fund	-	146,648
	<u>\$ 193,841</u>	<u>\$ 193,841</u>

NOTES TO FINANCIAL STATEMENTS

(8) Gas Utility Revenue Fund

During the year, the Gas Utility Revenue Fund purchased 12,894,400 cubic feet of natural gas, and sold 12,812,200 cubic feet. This leaves an unaccounted difference of 82,200 cubic feet, or .64% of the total amount of natural gas purchased.

At September 30, 1998 there were approximately 1,784 customers being served by the gas distribution system. The total amount of gas billed during the year was \$998,293, resulting in an average monthly bill of \$46.63 per customer. The gas rates being charged by the City at September 30, 1998 were as follows:

Residential

Net monthly rate:  
\$3.00 minimum charge  
70 cents per 100 cubic feet of gas used

Commercial

Net monthly Rate:  
\$3.20 minimum charge  
70.50 cents per 100 cubic feet of gas used

Restricted Commercial and Industrial Gas Service

Net monthly rate:  
\$5.665 per MCF for all deliveries; plus 5% MCF for leakage

(9) Retirement Commitments

Substantially all employees are covered by retirement plans. One plan is the Municipal Police Employees Retirement System (MPERS), the other is the Louisiana Municipal Employees Retirement System, which are administered by the State of Louisiana. Generally all classified employees are required to participate.

Municipal Police Employees Retirement System

The Municipal and State Police Employee's Retirement System of Louisiana is the administrator of a cost-sharing multiple employer plan of which the City of DeQuincy, Louisiana is a member. The Municipal Police Employees' Retirement System was established as of July 1, 1973, by Act 189 of 1973 and amended by

NOTES TO FINANCIAL STATEMENTS

RS 33:2371 of the 1986 session to become Municipal and State Police Retirement System of Louisiana. The System is a state retirement system which was created for full time municipal police officers in Louisiana, and state police officers hired after January 1, 1987. The System is administered by a Board of Trustees of the Retirement Committee of the House of Representatives and the Chairman of the Senate Finance Committee, or their designees, to serve as voting ex-officio members of the Board.

The amount of current year covered payroll for the City of DeQuincy for members of the State Plan was \$266,328. The City's total payroll for current year was \$759,857.

The Municipal and State Police Employee's Retirement System provides retirement benefits for municipal and state police officers. There are approximately 160 contributing municipalities.

Membership 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 they do not pay social security and providing they meet the statutory criteria.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 33:2371.

Any member is eligible for normal retirement after he has been a member of the System for one year, if he has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55.

Benefit rates are three and one-third percent of final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years creditable service not to exceed one hundred percent..

The total pension benefit obligation of the Municipal and State Police Retirement System of Louisiana as of June 30, 1997 was \$911,661,730. The total net assets available for benefits at June 30, 1997 was \$929,844,223.



## NOTES TO FINANCIAL STATEMENTS

Contributions for all members are established by statute at 7.5% of earnable compensation and are deducted from the member's salary and remitted by the participating municipality.

Contributions for all employers are established by statute at 9% of employee's earnable compensation excluding overtime but including state supplemental pay.

Because the purpose of the Municipal and State Police Retirement System is to provide specific benefits to a group of employees at various times in the future, actuarial valuations and assumptions are made regularly. The latest actuarial valuation available is as of June 30, 1997. For financial reporting purposes, the primary focus of this information is the pension benefit obligation which is the actuarial present value of credited projected benefits. This can be defined as a standardized disclosure measure of the present value of pension benefits, adjusted for effects of projected salary increases and any step-rate benefits estimated to be payable in the future as a result of employee service to date. The intent of this measure is three-fold:

- To help users assess the system's funding status on a going concern basis,
- To assess progress made in accumulating sufficient assets to pay benefits, and
- To make comparisons among other systems.

The actuarial method used to compute the pension benefit obligation for reporting purposes is not necessarily the same used to determine adequate funding for the System. Although the Projected Unit Credit Method was used for reporting purposes, the Entry Age Normal Cost Method was used to arrive at a total contribution rate of 19.82% necessary to bring the system to a fully funded status.

The actuarial contribution requirement for the City of DeQuincy was \$52,786, the total actual contributions amounted to \$43,611, which represents approximately 16.5% of current year's covered payroll. The contributions consist of 7.5% member contributions of \$19,823, 9% employer contributions of \$23,788 of the total covered payroll of \$266,328.

Historical trend information for this plan is included in the separately issued report for the Municipal Police Employees Retirement System for the period ended June 30, 1997.

## NOTES TO FINANCIAL STATEMENTS

### Municipal Employee's Retirement System

The Municipal Employee's Retirement System, State of Louisiana is the administrator of a cost-sharing multiple-employer plan.

The System provides retirement benefits to employees of all incorporated villages, towns and cities within the state which do not have their own retirement system and which elect to become members of the System.

The Municipal Employee's Retirement System of Louisiana was established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana, to provide retirement benefits to employees of all incorporated villages, towns and cities within the State, which did not have their own retirement systems and which elected to become members of the System.

The System is administered by a Board of Trustees composed of nine members, six of whom shall be active and contributing members of the System with at least ten years creditable service, elected by the members of the System; one of whom shall be the president of the Louisiana Municipal Association who shall serve as an ex-officio member during his tenure; one of whom shall be the Chairman of the Senate Retirement Committee; and one of whom shall be the Chairman of the House Retirement Committee of the Legislature of Louisiana.

Act #569 of the year 1968 established by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in the Municipal Employees' Retirement System, effective on and after June 30, 1970.

Effective October 1, 1978, under Act #788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B". Plan "A" combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan "B" participates in only the original plan. The City of DeQuincy is a member of Plan "A" of the retirement system.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week, not participating in another public funded retirement system and under age sixty (60) at date of employment. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System.

## NOTES TO FINANCIAL STATEMENTS

The amount of current year covered payroll for the City of DeQuincy for members of the State Plan was \$334,017. The City's total payroll for the current year was \$759,857.

As noted above, the City of DeQuincy is a member of Plan "A" retirement system. Any member of Plan "A" can retire providing he meets one of the following criteria:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Under age 60 with five (5) years of creditable service eligible for disability benefits.
5. Survivor's benefits require five (5) years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member of Plan "A" shall consist of an amount equal to three percent of the member's 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.

Because the purpose of the Municipal Employees Retirement System is to provide specific benefits to a group of employees at various times in the future, actuarial valuations and assumptions are made regularly. The latest actuarial valuation available is as of June 30, 1998. For financial reporting purposes, the primary focus of this information is the pension benefit obligation which is the actuarial present value of credited projected benefits. This can be defined as a standardized disclosure measure of the present value of pension benefits, adjusted for effects of projected salary increases and any step-rate benefits estimated to be payable in the future as a result of employee service to date. The intent of this measure is three-fold:

- To help users assess the system's funding status on a going concern basis,
- To assess progress made in accumulating sufficient assets to pay benefits, and
- To make comparisons among other systems.

NOTES TO FINANCIAL STATEMENTS

costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Although certain of the City's enterprise operations have incurred historical net operating losses, it has been decided that periodic determination of revenues earned, expenses incurred and net income or loss realized is appropriate for capital maintenance, public policy, management control and accountability.

The table below reflects in a summarized format, the more significant financial data relating to the Enterprise Funds of the City of DeQuincy, Louisiana, for the year ended September 30, 1998:

	Gas Utility Revenue Fund	Industrial Airpark Fund	Revolving Loan Fund	Total
Operating revenues	\$ 998,293	\$ 6,220	\$ 9,114	\$ 1,013,627
Depreciation expense	38,097	64,774	-	102,871
Net operating income (loss)	283,284	(97,693)	5,929	191,520
Net income (loss)	22,496	19,271	5,929	47,696
Property, plant and equipment, net	161,212	1,394,402	-	1,555,614
Property, plant and equipment additions	67,516	1,395	-	68,911
Net working capital	201,549	716,931	112,381	1,030,861
Total assets	569,957	2,300,954	197,760	3,068,671
Revenue bonds payable	25,000	-	-	25,000
Due from other funds	7,500	-	-	7,500
Due to other funds	38,111	146,648	-	184,759
Retained earnings	304,249	359,736	197,760	861,745

(12) Individual Fund Deficits and Excess Expenditures over Appropriations

The following funds had excess expenditures over appropriations:

	<u>Actual</u>	<u>Budget</u>	<u>Variance (Unfavorable)</u>
Sewer Maintenance Fund	\$ 274,629	\$ 172,450	\$ (102,179)

The component unit had a deficit in retained earnings of \$7,035 at September 30, 1998.

NOTES TO FINANCIAL STATEMENTS

(13) Changes in Contributed Capital

	<u>Industrial Airpark Fund</u>		<u>Gas Utility Revenue Fund</u>	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
Balance at beginning of year	\$ 1,527,422	\$ 1,584,260	\$ 30,417	\$ 35,417
Less depreciation on fixed assets acquired by funds externally restricted for capital expenditures:				
Current year	<u>(56,838)</u>	<u>(56,838)</u>	<u>(5,000)</u>	<u>(5,000)</u>
Balance at end of year	<u>\$ 1,470,584</u>	<u>\$ 1,527,422</u>	<u>\$ 25,417</u>	<u>\$ 30,417</u>

(14) Compensation of Mayor and Council

Salaries paid to the Mayor and Council during the year are as follows:

L. A. Henagan, Mayor	\$ 12,000
Lucille Wilcox	1,800
Robert Landry	1,500
Malcolm Lyle	1,800
Charles Russell	1,800
Isaiah Buck	1,800
Judy Landry	300

(15) Concentrations of Credit Risk - Component Unit

The Hospital grants credits without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows for 1998:

Medicare	55%
Medicaid	9
Other third-party	13
Patients	<u>23</u>
	<u>100%</u>

NOTES TO FINANCIAL STATEMENTS

(16) Operating Leases

Component unit:

Leases that do not meet the criteria for capitalization are classified as operating leases with related rentals charged to operations as incurred.

As of September 30, 1998, there are no operating leases that have initial or remaining lease terms in excess of one year.

Total rental expense in 1998 for all operating leases was approximately \$40,402.

(17) Subsequent Events

The City advertised for and received bids on December 15, 1998 regarding the sale of the Hospital. The City plans to call a special election during 1999 to receive approval from voters to finalize any potential sale.

(18) Non-Compliance With Bond Indenture Agreement

Component unit:

Under the terms of revenue bond indenture agreement, the hospital is required to maintain a sinking fund and a reserve and contingency fund. The respective amounts required to be deposited monthly are as follows:

Sinking Fund	\$	18,708
Reserve Fund		1,871
Contingency Fund		1,788

As of December 15, 1998, these amounts were unfunded.

(19) Year 2000 Compliance (Unaudited)

The City has recognized the potential for problems that may be presented for certain technological systems on and after January 1, 2000. A strategic plan has been developed to address year 2000 compliance modifications to technical systems owned and used by the City. New year 2000 compliant computer hardware and software systems are being purchased to handle all accounting functions.

NOTES TO FINANCIAL STATEMENTS

Installation and testing is to be completed by August, 1999. Other areas containing date sensitive chips, such as the police and sewer systems have contacted their vendors for assurance as to year 2000 compliance. This note is intended to comply with the requirements of the Year 2000 Information and Readiness Disclosure Act (Public Law 105-271). The Year 2000 plan described above is unaudited.

GENERAL FUND

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



CITY OF DEQUINCY, LOUISIANA  
GENERAL FUND

COMPARATIVE BALANCE SHEET  
September 30, 1998 and 1997

<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
Cash	\$ 67,860	\$ 60,095
Due from other funds	<u>928</u>	<u>35</u>
Total assets	<u>\$ 68,788</u>	<u>\$ 60,130</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 36,763	\$ 43,774
Accrued expenses	3,377	1,843
Due to other funds	<u>165</u>	<u>814</u>
Total liabilities	40,305	46,431
Fund balance:		
Unreserved-undesignated (deficit)	<u>28,483</u>	<u>13,699</u>
Total liabilities and fund balance	<u>\$ 68,788</u>	<u>\$ 60,130</u>

See accompanying notes to financial statements

CITY OF DEQUINCY, LOUISIANA  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended September 30, 1998  
With Comparative Actual Amounts for Year Ended September 30, 1997

	<u>1998</u>		Variance Favorable (Unfavorable)	<u>1997</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Taxes	\$ 320,000	\$ 338,048	\$ 18,048	\$ 284,922
Licenses and permits	90,000	99,312	9,312	101,788
Intergovernmental	24,500	38,668	14,168	30,957
Charges for services	130,000	128,813	(1,187)	127,629
Fines and forfeits	60,000	72,395	12,395	49,519
Miscellaneous	50,000	18,983	(31,017)	35,335
Interest on investments	2,000	2,208	208	1,927
Grants	<u>125,000</u>	<u>192,942</u>	<u>67,942</u>	<u>66,571</u>
Total revenues	<u>801,500</u>	<u>891,369</u>	<u>89,869</u>	<u>698,648</u>
Expenditures:				
Current:				
General government	437,400	408,543	28,857	379,019
Public safety	548,400	451,803	96,597	427,909
Sanitation	130,000	140,514	(10,514)	135,435
Culture and recreation	59,900	78,000	(18,100)	97,463
Debt service	<u>32,000</u>	<u>32,438</u>	<u>(438)</u>	<u>33,002</u>
Total expenditures	<u>1,207,700</u>	<u>1,111,298</u>	<u>96,402</u>	<u>1,072,828</u>
Excess (deficiency) of revenues over expenditures	(406,200)	(219,929)	186,271	(374,180)
Other financing sources (uses):				
Operating transfers in	<u>410,000</u>	<u>234,713</u>	<u>(175,287)</u>	<u>344,622</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	3,800	14,784	10,984	(29,558)
Fund balance at beginning of year	<u>13,699</u>	<u>13,699</u>	<u>-</u>	<u>43,257</u>
Fund balance at end of year	<u>\$ 17,499</u>	<u>\$ 28,483</u>	<u>\$ 10,984</u>	<u>\$ 13,699</u>

See accompanying notes to financial statements

CITY OF DEQUINCY, LOUISIANA  
GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)  
Year Ended September 30, 1998  
With Comparative Actual Amounts for Year Ended September 30, 1997

	<u>1998</u>		Variance Favorable (Unfavorable)	<u>1997</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
General government:				
Personal services	\$ 110,800	\$ 111,450	\$ (650)	\$ 111,396
Supplies	7,500	11,647	(4,147)	9,029
Other services and charges	269,100	280,553	(11,453)	258,594
Capital outlay	<u>50,000</u>	<u>4,893</u>	<u>45,107</u>	<u>-</u>
Total general government	<u>437,400</u>	<u>408,543</u>	<u>28,857</u>	<u>379,019</u>
Public safety:				
Police:				
Personal services	300,000	338,490	(38,490)	335,668
Supplies	6,500	4,379	2,121	5,200
Other services and charges	94,000	64,570	29,430	62,846
Capital outlay	<u>95,000</u>	<u>26,854</u>	<u>68,146</u>	<u>7,733</u>
Total police	<u>495,500</u>	<u>434,293</u>	<u>61,207</u>	<u>411,447</u>
Fire:				
Personal services	9,000	6,991	2,009	8,821
Supplies	2,000	900	1,100	1,247
Other services and charges	21,900	9,119	12,781	6,394
Capital outlay	<u>20,000</u>	<u>500</u>	<u>19,500</u>	<u>-</u>
Total fire	<u>52,900</u>	<u>17,510</u>	<u>35,390</u>	<u>16,462</u>
Total public safety	<u>548,400</u>	<u>451,803</u>	<u>96,597</u>	<u>427,909</u>
Sanitation:				
Other services and charges	<u>130,000</u>	<u>140,514</u>	<u>(10,514)</u>	<u>135,435</u>
Culture and recreation parks:				
Personal services	2,000	2,600	(600)	2,355
Other services and charges	7,900	22,566	(14,666)	16,018
Capital outlay	<u>50,000</u>	<u>52,834</u>	<u>(2,834)</u>	<u>79,090</u>
Total culture and recreation parks	<u>59,900</u>	<u>78,000</u>	<u>(18,100)</u>	<u>97,463</u>
Debt service:				
Principal retirements	30,000	30,000	-	29,000
Interest paid	<u>2,000</u>	<u>2,438</u>	<u>(438)</u>	<u>4,002</u>
Total debt service	<u>32,000</u>	<u>32,438</u>	<u>(438)</u>	<u>33,002</u>
Total expenditures	<u>\$ 1,207,700</u>	<u>\$ 1,111,298</u>	<u>\$ 96,402</u>	<u>\$ 1,072,828</u>

See accompanying notes to financial statements

### SPECIAL REVENUE FUNDS

Sewer Maintenance Fund - revenues for maintenance of the sewer system in prior years have been derived mainly from collection of a special tax upon property located within the City. This tax was not renewed by vote of City officials on September 4, 1978. A one percent sales tax was passed October, 1983 by the City of DeQuincy. The tax is dedicated to retire debt incurred to improve the City's sewer system. A sewer user fee is also accounted for in this fund and is dedicated for the maintenance of the sewer system.

Sales Tax Fund - to account for the maintenance of the City's streets. Financing is provided by a one percent sales tax.

CITY OF DEQUINCY, LOUISIANA  
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET  
September 30, 1998

<u>ASSETS</u>	Sewer Maintenance <u>Fund</u>	Sales Tax <u>Fund</u>	<u>Totals</u>	
			<u>1998</u>	<u>1997</u>
Cash	\$ 84,557	\$ 70,289	\$ 154,846	\$ 465,683
Accounts receivable	31,303	-	31,303	30,170
Investment	236,510	-	236,510	-
Due from other funds	<u>165,143</u>	<u>20,270</u>	<u>185,413</u>	<u>32,915</u>
Total assets	<u>\$ 517,513</u>	<u>\$ 90,559</u>	<u>\$ 608,072</u>	<u>\$ 528,768</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable	\$ 9,134	\$ 8,183	\$ 17,317	\$ 10,674
Accrued expenses	2,714	3,596	6,310	1,746
Due to other funds	<u>-</u>	<u>8,917</u>	<u>8,917</u>	<u>6,297</u>
Total liabilities	11,848	20,696	32,544	18,794
Fund balance:				
Unreserved-undesignated	<u>505,665</u>	<u>69,863</u>	<u>575,528</u>	<u>509,974</u>
Total liabilities and fund balance	<u>\$ 517,513</u>	<u>\$ 90,559</u>	<u>\$ 608,072</u>	<u>\$ 528,768</u>

See accompanying notes to financial statements

CITY OF DEQUINCY, LOUISIANA  
SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
Year Ended September 30, 1998  
With Comparative Totals for Year Ended September 30, 1997

	<u>Sewer Maintenance Fund</u>	<u>Sales Tax Fund</u>	<u>Totals</u>	
			<u>1998</u>	<u>1997</u>
Revenues:				
Taxes	\$ 336,391	\$ 336,527	\$ 672,918	\$ 658,346
Sewer user fee	166,332	-	166,332	180,204
Interest earned	21,134	2,867	24,001	19,663
Miscellaneous	<u>44,880</u>	<u>9,372</u>	<u>54,252</u>	<u>10,077</u>
Total revenues	<u>568,737</u>	<u>348,766</u>	<u>917,503</u>	<u>868,290</u>
Expenditures:				
Sanitation	274,629	-	274,629	123,605
Highways and streets	<u>-</u>	<u>291,355</u>	<u>291,355</u>	<u>434,982</u>
Total expenditures	<u>274,629</u>	<u>291,355</u>	<u>565,984</u>	<u>558,587</u>
Excess of revenues over expenditures	294,108	57,411	351,519	(309,703)
Other financing sources (uses):				
Operating transfers in (out)	<u>(285,965)</u>	<u>-</u>	<u>(285,965)</u>	<u>(152,579)</u>
Excess of revenues and other sources over expenditures and other uses	8,143	57,411	65,554	157,124
Fund balance at beginning of year	<u>497,522</u>	<u>12,452</u>	<u>509,974</u>	<u>352,850</u>
Fund balance at end of year	<u>\$ 505,665</u>	<u>\$ 69,863</u>	<u>\$ 575,528</u>	<u>\$ 509,974</u>

See accompanying notes to financial statements

CITY OF DEQUINCY, LOUISIANA  
SPECIAL REVENUE FUNDS  
SEWER MAINTENANCE FUND

COMPARATIVE BALANCE SHEET  
September 30, 1998 and 1997

<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
Cash	\$ 321,067	\$ 438,465
Accounts receivable	31,303	30,170
Due from other funds	<u>165,143</u>	<u>32,915</u>
Total assets	<u>\$ 517,513</u>	<u>\$ 501,550</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 9,134	\$ 3,509
Accrued expenses	<u>2,714</u>	<u>519</u>
Total liabilities	11,848	4,028
Fund balance:		
Unreserved-undesignated	<u>505,665</u>	<u>497,522</u>
Total liabilities and fund balance	<u>\$ 517,513</u>	<u>\$ 501,550</u>

See accompanying notes to financial statements

CITY OF DEQUINCY, LOUISIANA  
SPECIAL REVENUE FUNDS  
SEWER MAINTENANCE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended September 30, 1998  
With Comparative Actual Amounts for Year Ended September 30, 1997

	1998		Variance	1997
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Taxes	\$ 320,000	\$ 336,391	\$ 16,391	\$ 328,942
Sewer user fee	150,000	166,332	16,332	180,204
Interest earned	12,000	21,134	9,134	17,506
Miscellaneous	<u>2,000</u>	<u>44,880</u>	<u>42,880</u>	<u>1,198</u>
Total revenues	<u>484,000</u>	<u>568,737</u>	<u>84,737</u>	<u>527,850</u>
Expenditures-sanitation:				
Personal services	55,000	77,823	(22,823)	42,706
Materials and supplies	15,000	19,367	(4,367)	5,611
Other services and charges	92,450	109,520	(17,070)	69,566
Capital outlay	<u>10,000</u>	<u>67,919</u>	<u>(57,919)</u>	<u>5,722</u>
Total expenditures	<u>172,450</u>	<u>274,629</u>	<u>(102,179)</u>	<u>123,605</u>
Excess of revenues over expenditures	311,550	294,108	(17,442)	404,245
Other financing sources (uses):				
Operating transfers in (out)	<u>(230,000)</u>	<u>(285,965)</u>	<u>(55,965)</u>	<u>(252,471)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	81,550	8,143	(73,407)	151,774
Fund balance at beginning of year	<u>497,522</u>	<u>497,522</u>	<u>-</u>	<u>345,748</u>
Fund balance at end of year	<u>\$ 579,072</u>	<u>\$ 505,665</u>	<u>\$ (73,407)</u>	<u>\$ 497,522</u>

See accompanying notes to financial statements



CITY OF DEQUINCY, LOUISIANA  
SPECIAL REVENUE FUNDS  
SALES TAX FUND

COMPARATIVE BALANCE SHEET  
September 30, 1998 and 1997

<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
Cash	\$ 70,289	\$ 27,218
Due from other funds	<u>20,270</u>	<u>-</u>
Total assets	<u>\$ 90,559</u>	<u>\$ 27,218</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 8,183	\$ 7,165
Accrued expenses	3,596	1,304
Due to other funds	<u>8,917</u>	<u>6,297</u>
Total liabilities	20,696	14,766
Fund balance:		
Unreserved-undesignated (deficit)	<u>69,863</u>	<u>12,452</u>
Total liabilities and fund balance	<u>\$ 90,559</u>	<u>\$ 27,218</u>

See accompanying notes to financial statements

CITY OF DEQUINCY, LOUISIANA  
SPECIAL REVENUE FUNDS  
SALES TAX FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended September 30, 1998  
With Comparative Actual Amounts for Year Ended September 30, 1997

	<u>1998</u>		Variance Favorable (Unfavorable)	<u>1997</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Taxes	\$ 320,000	\$ 336,527	\$ 16,527	\$ 329,404
Interest earned	1,700	2,867	1,167	2,157
Miscellaneous	<u>27,000</u>	<u>9,372</u>	<u>(17,628)</u>	<u>8,879</u>
Total revenues	<u>348,700</u>	<u>348,766</u>	<u>66</u>	<u>340,440</u>
Expenditures-highways and streets:				
Personal services	168,500	163,894	4,606	167,778
Materials and supplies	20,000	15,499	4,501	17,725
Equipment maintenance	9,000	12,265	(3,265)	14,286
Other services and charges	114,400	85,057	29,343	88,723
Capital outlay	<u>18,000</u>	<u>14,640</u>	<u>3,360</u>	<u>146,470</u>
Total expenditures	<u>329,900</u>	<u>291,355</u>	<u>38,545</u>	<u>434,982</u>
Excess (deficiency) of revenues over expenditures	<u>18,800</u>	<u>57,411</u>	<u>38,611</u>	<u>(94,542)</u>
Other financing sources (uses):				
Transfers in	-	-	-	133,439
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,547)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,892</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other (uses)	18,800	57,411	38,611	5,350
Fund balance at beginning of year	<u>12,452</u>	<u>12,452</u>	<u>-</u>	<u>7,102</u>
Fund balance at end of year	<u>\$ 31,252</u>	<u>\$ 69,863</u>	<u>\$ 38,611</u>	<u>\$ 12,452</u>

See accompanying notes to financial statements

### DEBT SERVICE FUNDS

Public Improvement Refunding Bonds, Series 1993 - to accumulate monies for payment of \$500,000 Public Improvement Bonds, which are serial bonds due in annual installments of \$20,000 to \$70,000, plus interest, until maturity in 2002. Financing is to be provided by transfers from the Sewer Maintenance Fund.

Utility Revenue Refunding Bonds Series 1998 - to accumulate monies for payment of \$1,231,433 Utility Revenue Refunding Bonds Series 1998, which is a single bond due in annual installments of \$43,886 to \$55,484 plus interest, until maturity in 2011. Financing is to be provided from the combined income and revenues to be derived from the operation of the sewer system and the natural gas transmission and distribution system.

Sewer Revenue Bonds of 1997 - to accumulate monies for payment of \$1,000,000 Sewer Revenue Bonds of 1997, which is a single bond due in monthly installments of \$4,540.00, including interest until maturity in 2036. Financing is to be provided by transfers from the Sewer Maintenance Fund.

CITY OF DEQUINCY, LOUISIANA  
DEBT SERVICE FUNDS

COMBINING BALANCE SHEET  
September 30, 1998  
With Comparative Totals for September 30, 1997

<u>ASSETS</u>	Public Improvement Bonds Series <u>ST-2A</u>	Utility Revenue Refunding Bonds Series <u>1998</u>	Sewer Revenue Bonds <u>of 1997</u>	<u>Totals</u>	
				<u>1998</u>	<u>1997</u>
Cash:					
Sinking funds	\$ 32,444	\$ 31,988	\$ -	\$ 64,432	\$ 51,754
Reserve funds	7,208	77,569	3,821	88,598	75,341
Contingency funds	<u>-</u>	<u>77,052</u>	<u>3,853</u>	<u>80,905</u>	<u>67,856</u>
Total assets	<u>\$ 39,652</u>	<u>\$ 186,609</u>	<u>\$ 7,674</u>	<u>\$ 233,935</u>	<u>\$ 194,951</u>
 <u>FUND BALANCE</u>					
Reserved for debt service	<u>\$ 39,652</u>	<u>\$ 186,609</u>	<u>\$ 7,674</u>	<u>\$ 233,935</u>	<u>\$ 194,951</u>

See accompanying notes to financial statements

CITY OF DEQUINCY, LOUISIANA  
DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
Year Ended September 30, 1998  
With Comparative Totals for Year Ended September 30, 1997

	Public Improvement Bonds Series <u>ST-2A</u>	Utility Revenue Refunding Bonds Series <u>1998</u>	Sewer Revenue Bonds <u>of 1997</u>	<u>Totals</u> 1998      1997	
Revenues:					
Interest on investments	\$ 1,389	\$ 7,534	\$ 228	\$ 9,151	\$ 7,468
Expenditures:					
Principal retirement	55,000	1,210,072	9,824	1,274,896	63,882
Interest and fiscal charges	<u>18,740</u>	<u>157,587</u>	<u>44,855</u>	<u>221,182</u>	<u>170,392</u>
Total expenditures	<u>73,740</u>	<u>1,367,659</u>	<u>54,679</u>	<u>1,496,078</u>	<u>234,274</u>
Excess (deficiency) of revenues over expenditures	<u>(72,351)</u>	<u>(1,360,125)</u>	<u>(54,451)</u>	<u>(1,486,927)</u>	<u>(226,806)</u>
Other financing sources (uses):					
Bonds issued	-	1,231,433	-	1,231,433	-
Operating transfers in	<u>73,310</u>	<u>161,216</u>	<u>59,952</u>	<u>294,478</u>	<u>252,371</u>
Total other financing sources (uses)	<u>73,310</u>	<u>1,392,649</u>	<u>59,952</u>	<u>1,525,911</u>	<u>252,371</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	959	32,524	5,501	38,984	25,565
Fund balance at beginning of year	<u>38,693</u>	<u>154,085</u>	<u>2,173</u>	<u>194,951</u>	<u>169,386</u>
Fund balance at end of year	<u>\$ 39,652</u>	<u>\$ 186,609</u>	<u>\$ 7,674</u>	<u>\$ 233,935</u>	<u>\$ 194,951</u>

See accompanying notes to financial statements

CAPITAL PROJECTS FUND

Sewer Treatment System - to account for funds received and expenditures made for the construction of new sewer treatment facility.

Rail Spur - to account for funds received and expenditures made for construction of a rail spur into the airpark.

Westside Sewer Treatment - to account for funds received and expenditures made for improvements to Westside sewer treatment facility.

CITY OF DEQUINCY, LOUISIANA  
 CAPITAL PROJECTS FUND

COMBINING BALANCE SHEET  
 September 30, 1998

<u>ASSETS</u>	<u>Sewer Treatment Facility</u>	<u>Rail Spur</u>	<u>Westside Sewer Treatment</u>	<u>Total</u>
Cash	\$ -	\$ 84	\$ 100	\$ 184
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities	\$ -	\$ -	\$ -	\$ -
Fund balance	-	84	100	184
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 84</u>	<u>\$ 100</u>	<u>\$ 184</u>

See accompanying notes to financial statements

CITY OF DEQUINCY, LOUISIANA  
CAPITAL PROJECTS FUND

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
Year Ended September 30, 1998

	<u>Sewer Treatment Facility</u>	<u>Rail Spur</u>	<u>Westside Sewer Treatment</u>	<u>Total</u>
Revenues:				
Grant income - other	\$ 49,088	\$ -	\$ -	\$ 49,088
Expenditures:				
Capital outlay	<u>35,212</u>	<u>-</u>	<u>-</u>	<u>35,212</u>
(Deficiency) of revenues over expenditures	13,876	-	-	13,876
Other financing sources (uses):				
Operating transfers in (out)	<u>(5,704)</u>	<u>-</u>	<u>-</u>	<u>(5,704)</u>
Excess (deficiency) of revenues and other sources over expenditures	8,172	-	-	8,172
Fund balance at beginning of year	<u>(8,172)</u>	<u>-</u>	<u>-</u>	<u>(8,172)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements



ENTERPRISE FUNDS

Gas Utility Revenue Fund - to account for the provision of gas services to the residents of the City and surrounding immediate area. All activities necessary to provide such services are accounted for in this fund.

Industrial Airpark Fund - to account for the provision of airpark services. Financing for normal operations and maintenance is provided by the rental of hangars.

Revolving Loan Fund - to account for monies received for the purpose of making loans to qualified businesses.

CITY OF DEQUINCY, LOUISIANA  
ENTERPRISE FUNDS

COMBINING BALANCE SHEET  
September 30, 1998 and 1997

<u>ASSETS</u>	Gas Utility Revenue Fund	
	1998	1997
Current assets:		
Cash	\$ 63,869	\$ 33,228
Investments, at cost	101,382	96,260
Notes receivable, current portion	-	-
Accounts receivable	69,238	58,633
Prepaid natural gas purchases	8,880	7,194
Other assets	40	40
Due from other funds	<u>7,500</u>	<u>7,500</u>
Total current assets	<u>250,009</u>	<u>202,855</u>
Restricted assets-cash and investments:		
Revenue bond sinking fund cash	633	24,562
Revenue bond reserve cash	32,000	32,000
Revenue bond depreciation and contingencies cash	24,000	24,000
Customer deposits	<u>102,103</u>	<u>98,842</u>
Total restricted assets	<u>158,736</u>	<u>179,404</u>
Property, plant and equipment:		
Land	11,000	11,000
Buildings and improvements	1,736	1,736
Gas distribution system	593,094	593,094
Autos and trucks	106,468	106,468
Machinery and equipment	<u>177,605</u>	<u>118,169</u>
	889,903	830,467
Less accumulated depreciation	<u>728,691</u>	<u>698,674</u>
Net property, plant and equipment	<u>161,212</u>	<u>131,793</u>
Other assets:		
Notes receivable-due after one year	<u>-</u>	<u>-</u>
Total assets	<u>\$ 569,957</u>	<u>\$ 514,052</u>

Industrial Airpark Fund		Revolving Loan Fund		Total	
1998	1997	1998	1997	1998	1997
\$ 101,938	\$ 8,356	\$ 72,904	\$ 52,793	\$ 237,811	\$ 94,377
804,614	703,066	-	-	905,996	799,326
-	-	39,477	39,051	39,477	39,051
-	-	-	-	69,238	58,633
-	-	-	-	8,880	7,194
-	-	-	-	40	40
-	-	-	-	7,500	7,500
<u>906,552</u>	<u>711,422</u>	<u>112,581</u>	<u>91,844</u>	<u>1,268,942</u>	<u>1,006,121</u>
-	-	-	-	633	24,562
-	-	-	-	32,000	32,000
-	-	-	-	24,000	24,000
-	-	-	-	101,203	98,842
-	-	-	-	158,736	179,404
13,250	13,250	-	-	24,250	24,250
2,223,417	2,223,417	-	-	2,225,153	2,225,153
-	-	-	-	593,094	593,094
-	-	-	-	106,468	106,468
<u>2,690</u>	<u>1,295</u>	-	-	<u>180,295</u>	<u>119,464</u>
2,239,357	2,237,962	-	-	3,129,260	3,068,429
844,955	780,182	-	-	1,573,646	1,478,856
<u>1,394,402</u>	<u>1,457,780</u>	-	-	<u>1,555,614</u>	<u>1,589,573</u>
-	-	85,379	99,987	85,379	99,987
<u>\$ 2,300,954</u>	<u>\$ 2,169,202</u>	<u>\$ 197,760</u>	<u>\$ 191,831</u>	<u>\$ 3,068,671</u>	<u>\$ 2,875,085</u>

(continued on next page)

CITY OF DEQUINCY, LOUISIANA  
ENTERPRISE FUNDS

COMBINING BALANCE SHEET  
September 30, 1998 and 1997  
(Continued)

<u>LIABILITIES AND FUND EQUITY</u>	Gas Utility Revenue Fund	
	1998	1997
<b>Liabilities:</b>		
Current liabilities (payable from current assets):		
Accounts payable	\$ 33,316	\$ 32,100
Notes payable (due within one year)	6,319	-
Employees' retirement payable	2,284	1,929
Other payables	63	53
Due to other funds	38,111	24,408
Total current liabilities (payable from current assets)	80,093	58,490
Current liabilities (payable from restricted assets):		
Current portion of revenue bonds	25,000	25,000
Customer deposits	101,203	98,842
Total current liabilities (payable from restricted assets)	126,203	123,842
Long-term liabilities:		
Revenue bonds (net of current portion)	-	25,000
Notes payable (due after one year)	33,995	-
	33,995	25,000
Total liabilities	240,291	207,332
Fund equity:		
Contributed capital	25,417	30,417
Retained earnings:		
Reserved per revenue bond indentures	56,633	80,562
Reserved for future loans	-	-
Unreserved:		
Designated for capital expenditures	100,000	100,000
Undesignated	147,616	95,741
Total retained earnings	304,249	276,303
Total fund equity	329,666	306,720
Total liabilities and fund equity	\$ 569,957	\$ 514,052

See accompanying notes to financial statements

Industrial Airpark Fund		Revolving Loan Fund		Total	
1998	1997	1998	1997	1998	1997
\$ 4,109	\$ 1,402	\$ -	\$ -	\$ 37,425	\$ 33,502
38,864	36,889	-	-	45,183	36,889
-	-	-	-	2,284	1,929
-	-	-	-	63	53
<u>146,648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>184,759</u>	<u>24,408</u>
<u>189,621</u>	<u>38,291</u>	<u>-</u>	<u>-</u>	<u>269,714</u>	<u>96,781</u>
-	-	-	-	25,000	25,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,203</u>	<u>98,842</u>
-	-	-	-	126,203	123,842
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
<u>281,012</u>	<u>319,862</u>	<u>-</u>	<u>-</u>	<u>315,007</u>	<u>319,862</u>
<u>281,012</u>	<u>319,862</u>	<u>-</u>	<u>-</u>	<u>315,007</u>	<u>344,862</u>
<u>470,633</u>	<u>358,153</u>	<u>-</u>	<u>-</u>	<u>710,924</u>	<u>565,485</u>
<u>1,470,585</u>	<u>1,527,422</u>	<u>-</u>	<u>-</u>	<u>1,496,002</u>	<u>1,557,839</u>
-	-	-	-	56,633	80,562
-	-	197,760	191,831	197,760	191,831
-	-	-	-	100,000	100,000
<u>359,736</u>	<u>283,627</u>	<u>-</u>	<u>-</u>	<u>507,352</u>	<u>379,368</u>
<u>359,736</u>	<u>283,627</u>	<u>197,760</u>	<u>191,831</u>	<u>861,745</u>	<u>751,761</u>
<u>1,830,321</u>	<u>1,811,049</u>	<u>197,760</u>	<u>191,831</u>	<u>2,357,747</u>	<u>2,309,600</u>
<u>\$ 2,300,954</u>	<u>\$ 2,169,202</u>	<u>\$ 197,760</u>	<u>\$ 191,831</u>	<u>\$ 3,068,671</u>	<u>\$ 2,875,085</u>

CITY OF DEQUINCY, LOUISIANA  
ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
Years Ended September 30, 1998 and 1997

	Gas Utility Revenue Fund	
	1998	1997
Operating revenues:		
Charges for services	\$ 998,293	\$ 943,017
Rent	-	-
Interest earned	-	-
Total operating revenues	998,293	943,017
Operating expenses:		
Personal services	133,895	120,397
Natural gas purchased	419,163	478,723
Materials and supplies	41,682	33,575
Heat, light, and power	9,356	7,189
Depreciation	38,097	28,191
Other services and charges	72,816	63,646
Total operating expenses	715,009	731,721
Operating income (loss)	283,284	211,296
Nonoperating revenues (expenses):		
Miscellaneous revenues and grants	3,237	5,075
Interest on investments	10,973	23,764
Interest and fiscal charges	(5,026)	(4,316)
Total nonoperating revenues (expenses)	9,184	24,523
Income (loss) before operating transfers	292,468	235,819
Transfers:		
Transfers from other funds	-	-
Transfers to other funds	(269,522)	(583,062)
Total transfers and other expenses	(269,522)	(583,062)
Net income (loss)	22,946	(347,243)
Add current years' depreciation on fixed assets acquired by funds externally restricted for capital expenditures that reduces contributed capital	5,000	5,000
Increase (decrease) in retained earnings	27,946	(342,243)
Retained earnings at beginning of year	276,303	618,546
Retained earnings at end of year	\$ 304,249	\$ 276,303

See accompanying notes to financial statements

Industrial Airpark Fund		Revolving Loan Fund		Total	
1998	1997	1998	1997	1998	1997
\$ -	\$ -	\$ -	\$ -	\$ 998,293	\$ 943,017
-	-	9,114	6,541	9,114	6,541
6,220	9,698	-	-	6,220	9,698
6,220	9,698	9,114	6,541	1,013,627	959,256
-	-	-	-	133,895	120,397
-	-	-	-	419,163	478,723
1,337	2,033	-	-	43,019	35,608
2,526	2,825	-	-	11,882	10,014
64,774	64,626	-	-	102,871	92,817
35,276	10,298	3,185	-	111,277	73,944
103,913	79,782	3,185	-	822,107	811,503
(97,693)	(70,084)	5,929	6,541	191,520	147,753
65,478	60,053	-	44,000	68,715	109,128
37,795	34,858	-	-	48,768	58,622
(18,309)	(20,127)	-	-	(23,335)	(24,443)
84,964	74,784	-	44,000	94,148	143,307
(12,729)	4,700	5,929	50,541	285,668	291,060
82,000	155,000	-	-	82,000	155,000
(50,000)	(50,000)	-	-	(319,522)	(633,062)
32,000	105,000	-	-	(237,522)	(478,062)
19,271	109,700	5,929	50,541	48,146	(187,002)
56,838	56,838	-	-	61,838	61,838
76,109	166,538	5,929	50,541	109,984	(125,164)
283,627	117,089	191,831	141,290	751,761	876,925
\$ 359,736	\$ 283,627	\$ 197,760	\$ 191,831	\$ 861,745	\$ 751,761

CITY OF DEQUINCY, LOUISIANA  
ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS  
Year Ended September 30, 1998  
With Comparative Totals for Year Ended September 30, 1997

	<u>Gas Utility Revenue Fund</u>	<u>Industrial Airpark Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 283,284	\$ (97,693)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	38,097	64,774
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(10,605)	-
(Increase) decrease in prepaid expenses	(1,686)	-
Increase (decrease) in accounts payable	<u>1,581</u>	<u>2,707</u>
Net cash provided by (used in) operating activities	<u>310,671</u>	<u>(30,212)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Miscellaneous revenues and grants	3,237	65,478
Operating transfers in	-	82,000
Operating transfers out	(269,522)	(50,000)
Advances from other funds	13,703	146,648
Increase (decrease) in customer deposits	<u>2,361</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities	<u>(250,221)</u>	<u>244,126</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(67,516)	(1,395)
Principal paid on revenue bond maturities	(25,000)	(18,309)
Interest and fiscal charges paid	(5,026)	-
Loan made	-	-
Collection on notes	-	-
Payments on notes	(5,937)	(36,875)
Proceeds from notes payable	<u>46,251</u>	<u>-</u>
Net cash provided by (used in) capital and related financing activities	<u>(57,228)</u>	<u>(56,579)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest earned	10,973	37,795
(Increase) decrease in investments	<u>(7,483)</u>	<u>(101,548)</u>
Net cash provided by (used in) investing activities	<u>3,490</u>	<u>(63,753)</u>
Net increase (decrease) in cash and cash equivalents	6,712	93,582
<b>Cash and cash equivalents:</b>		
Beginning of year	<u>113,790</u>	<u>8,356</u>
End of year	<u>\$ 120,502</u>	<u>\$ 101,938</u>

See accompanying notes to financial statements



Revolving Loan Fund	Totals	
	1998	1997
\$ 5,929	\$ 191,520	\$ 141,212
-	102,871	92,817
-	(10,605)	(16,569)
-	(1,686)	9,288
-	4,288	(17,512)
<u>5,929</u>	<u>286,388</u>	<u>209,236</u>
-	68,715	109,128
-	82,000	155,000
-	(319,522)	(633,062)
-	160,351	11,552
-	2,361	(581)
-	<u>(6,095)</u>	<u>(357,963)</u>
-	(68,911)	(22,552)
-	(25,000)	(23,000)
-	(23,335)	(24,443)
-	-	(50,000)
14,182	14,182	16,999
-	(42,812)	(35,014)
-	46,251	-
<u>14,182</u>	<u>(99,625)</u>	<u>(138,010)</u>
-	48,768	65,163
-	(109,031)	160,749
-	(60,263)	225,912
20,111	120,405	(60,825)
<u>52,793</u>	<u>174,939</u>	<u>235,764</u>
<u>\$ 72,904</u>	<u>\$ 295,344</u>	<u>\$ 174,939</u>

CITY OF DEQUINCY, LOUISIANA  
GAS UTILITY REVENUE ENTERPRISE FUND

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - RESTRICTED ACCOUNTS  
REQUIRED BY REVENUE BOND ORDINANCE  
Year Ended September 30, 1998

	<u>Debt</u> <u>Service</u>	<u>Reserve</u>	<u>Depreciation</u> <u>Contingencies</u>	<u>Total</u>
Cash and investments at beginning of year	\$ 24,562	\$ 32,000	\$ 24,000	\$ 80,562
Cash receipts:				
Transfers from operating account	2,266	-	-	2,266
Interest earned	<u>243</u>	<u>-</u>	<u>-</u>	<u>243</u>
Total cash receipts	<u>2,509</u>	<u>-</u>	<u>-</u>	<u>2,509</u>
Total cash and investments available	<u>27,071</u>	<u>32,000</u>	<u>24,000</u>	<u>83,071</u>
Disbursements:				
Principal payments	25,000	-	-	25,000
Interest payments	<u>1,438</u>	<u>-</u>	<u>-</u>	<u>1,438</u>
Total cash disbursements	<u>26,438</u>	<u>-</u>	<u>-</u>	<u>26,438</u>
Cash and investments at end of year	<u>\$ 633</u>	<u>\$ 32,000</u>	<u>\$ 24,000</u>	<u>\$ 56,633</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

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

CITY OF DEQUINCY, LOUISIANA

COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS

	<u>1998</u>	<u>1997</u>
General fixed assets:		
Buildings	\$ 621,147	\$ 621,147
Improvements, other than buildings	3,783,228	388,411
Equipment	440,411	324,799
Vehicles	497,075	456,723
Construction in progress	<u>-</u>	<u>3,359,605</u>
Total general fixed assets	<u>\$ 5,341,861</u>	<u>\$ 5,150,685</u>
Investment in general fixed assets:		
Property acquired prior to 11-1-86*	\$ 828,051	\$ 828,051
Property acquired after 11-1-86	<u>4,513,810</u>	<u>4,322,634</u>
Total investment in general fixed assets	<u>\$ 5,341,861</u>	<u>\$ 5,150,685</u>

See accompanying notes to financial statements

\*Records reflecting source from which assets were acquired were not maintained prior to 10-1-86.

CITY OF DEQUINCY, LOUISIANA

COMPARATIVE STATEMENT OF CHANGES IN GENERAL FIXED ASSETS  
Year Ended September 30, 1998 and 1997

1998	Improvements		Equipment	Vehicles	Construction in Progress	Total
	Buildings	Other Than Buildings				
General fixed assets, beginning of year, as previously stated	\$ 621,147	\$ 388,411	\$ 324,799	\$ 456,723	\$ 3,359,605	\$ 5,150,685
Additions:						
General fund revenue (taxes, franchise revenue)	-	-	115,612	40,352	-	155,964
Grants	-	3,394,817	-	-	35,212	3,430,029
Reductions:						
Transfer to completed projects	-	-	-	-	(3,394,817)	(3,394,817)
General fixed assets, end of year	<u>\$ 621,147</u>	<u>\$ 3,783,228</u>	<u>\$ 440,411</u>	<u>\$ 497,075</u>	<u>\$ -</u>	<u>\$ 5,341,861</u>
1997						
General fixed assets, beginning of year, as previously stated	\$ 621,147	\$ 309,321	\$ 316,144	\$ 451,923	\$ 2,770,491	\$ 4,469,026
Additions:						
General fund revenue (taxes, franchise revenue)	-	79,090	8,655	4,800	-	92,545
Grants	-	-	-	-	589,114	589,114
General fixed assets, end of year	<u>\$ 621,147</u>	<u>\$ 388,411</u>	<u>\$ 324,799</u>	<u>\$ 456,723</u>	<u>\$ 3,359,605</u>	<u>\$ 5,150,685</u>

See accompanying notes to financial statements



GENERAL LONG-TERM DEBT ACCOUNT GROUP

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

CITY OF DEQUINCY, LOUISIANA

STATEMENT OF GENERAL LONG-TERM DEBT  
Year Ended September 30, 1998

	Public Improvement Bonds Series <u>ST-2A</u>	Utility Revenue Bonds	Note Payable	Sewer Revenue Bonds	<u>Total</u>
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE PAYMENT OF GENERAL DEBT					
Serial bonds:					
Amount available in Debt Service Funds	\$ 39,652	\$ 186,609	\$ -	\$ 7,674	\$ 233,935
Amount to be provided-sales tax, gas revenue and general revenue	<u>215,348</u>	<u>1,044,824</u>	<u>30,000</u>	<u>979,471</u>	<u>2,269,643</u>
Total available and to be provided	<u>\$ 255,000</u>	<u>\$ 1,231,433</u>	<u>\$ 30,000</u>	<u>\$ 987,145</u>	<u>\$ 2,503,578</u>
GENERAL LONG-TERM DEBT PAYABLE					
Serial bonds payable:					
Sales tax bonds	\$ 255,000	\$ -	\$ -	\$ -	\$ 255,000
Sewer maintenance and gas commission revenue bonds	-	1,231,433	-	-	1,231,433
Note payable-Bank One	-	-	30,000	-	30,000
Sewer bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>987,145</u>	<u>987,145</u>
Total long-term debt payable	<u>\$ 255,000</u>	<u>\$ 1,231,433</u>	<u>\$ 30,000</u>	<u>\$ 987,145</u>	<u>\$ 2,503,578</u>

See accompanying notes to financial statements



**COMPLIANCE, INTERNAL CONTROL REPORTS**



# McELROY, QUIRK & BURCH

*A Professional Corporation • Certified Public Accountants • Since 1925*  
800 Kirby Street • P.O. Box 3070 • Lake Charles, LA 70602-3070  
318 433-1063 • Fax 318 436-6618 • E-mail: mqb@iamerica.net

Carl W. Comeaux, CPA  
Barbara Hutson Gonzales, CPA  
Judson J. McCann Jr., CPA  
Martin L. Chehotsky, CPA, CFE  
Robert M. Gani, CPA  
Tina L. Demarest, CPA

Mollie C. Broussard, CPA



Charles P. Quirk, CPA  
Otway J. Woods Jr., CPA  
Robert E. Cargile, CPA  
William A. Mancuso, CPA

Charles I. McElroy, CPA (1917-1997)  
Patrick J. Reddin, CPA (1926-1995)  
Frank D. Burch, CPA (1921-1991)

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

Honorable Mayor and City Council  
City of DeQuincy  
DeQuincy, Louisiana

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

### Compliance

As part of obtaining reasonable assurance about whether the City of DeQuincy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of DeQuincy's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions

involve matters coming to our attention relating to significant deficiencies in the

design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of DeQuincy's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 98-1 and 98-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described in 98-1 and 98-2 are material weaknesses.

This report is intended for the information of the City, management, and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*Mc Elroy, Quirk + Burch*

Lake Charles, Louisiana  
November 25, 1998

CITY OF DEQUINCY, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended September 30, 1998

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

	Qualified	
Type of auditor's report issued:		
Internal control over financial reporting:		
Material weakness identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Reportable condition identified not considered to be material weakness?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

SECTION II - FINANCIAL STATEMENT FINDINGS

98-1 Segregation of Duties

Condition: Because of the entity's size and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.

Criteria: Effective internal control requires adequate segregation of duties among client personnel.

Effect: Without proper segregation of duties, errors within financial records could go undetected.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Response: We concur with this recommendation. Management has implemented supervision and review procedures to the extent possible.

98-2 Budget Violations

Condition: This finding is both a reportable condition and an instance of noncompliance. The City exceeded budgeted expenditures in the Sewer Revenue Fund by 59.25%.

Criteria: Fund expenditures may not exceed budgeted amounts by an amount in excess of 5%.

CITY OF DEQUINCY, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended September 30, 1998  
(Continued)

Effect: Budgets are enacted to control expenses.

Recommendation: That budgets be monitored on regular monthly basis to insure that expenditures not exceed budgeted amounts or that budget amendments be enacted on a timely basis.

Response: We concur with this recommendation. Monitoring efforts have been increased.