

**CITY OF DEQUINCY, LOUISIANA
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 1999**

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Release Date MAR 22 2000

CITY OF DEQUINCY, LOUISIANA

ANNUAL FINANCIAL REPORT

September 30, 1999

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Title Page	
Table of Contents	2-3
List of Principal Officials	4
FINANCIAL SECTION	
Independent Auditors' Report on the Financial Statements	5-6
General Purpose Financial Statements (Combined Statements - Overview):	
Combined Balance Sheet-All Fund Types, Account Groups and Discreetly Reported Component Unit	8-11
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-All Governmental Fund Types	12-13
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget (GAAP Basis) and Actual-All Governmental Fund Types	14-15
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings-All Proprietary Fund Types and Discreetly Reported Component Unit	16-17
Combined Statement of Cash Flows-All Proprietary Fund Types and Discreetly Reported Component Unit	18-19
Notes to Financial Statements	20-41
Financial Statements of Individual Funds:	
General Fund:	
Comparative Balance Sheet	43
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget (GAAP Basis) and Actual	44
Statement of Expenditures Compared to Budget (GAAP Basis)	45
Special Revenue Funds:	
Combining Balance Sheet	47
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	48

	Page
Sewer Maintenance Fund:	
Comparative Balance Sheet	49
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget (GAAP Basis) and Actual	50
Sales Tax Fund:	
Comparative Balance Sheet	51
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget (GAAP Basis) and Actual	52
Debt Service Funds:	
Combining Balance Sheet	54
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	55
Capital Projects Fund:	
Combining Balance Sheet	57
Combining Statement of Revenues, Expenses, and Changes in Fund Balance	58
Enterprise Funds:	
Combining Balance Sheet	60-63
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings	64-65
Combining Statement of Cash Flows	66-67
Schedule of Cash Receipts and Disbursements-Restricted Accounts Required by Revenue Bond Ordinance	68
Account Groups:	
General Fixed Assets Account Group:	
Comparative Statement of General Fixed Assets	70
Comparative Statement of Changes in General Fixed Assets	71
General Long-Term Debt Account Group:	
Statement of General Long-Term Debt	73
COMPLIANCE, INTERNAL CONTROL REPORTS	
Schedule of Expenditures of Federal Awards	75
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	76-77
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	78-79
Schedule of Findings and Questionable Costs	80-83

CITY OF DEQUINCY, LOUISIANA

September 30, 1999

MAYOR

The Honorable L. A. Henagan

CITY COUNCIL

Ms. Lucille Wilcox
Mr. Lawrence Henagan
Mr. Malcolm Lyle

Mr. Charles Russell
Reverend Isaiah Buck

LEGAL COUNSEL

Mr. Adrian Cox

CITY CLERK

Ms. Joy Fontenot

McELROY, QUIRK & BURCH

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Carl W. Comeaux, CPA
Barbara Hutson Gonzales, CPA
Judson J. McCann Jr., CPA
Martin L. Chehotsky, CPA, CFE*
Robert M. Gani, CPA, MT**
Tina Demarest Barrett, CPA, CVA***
Mollie C. Broussard, CPA

Anne Collette, CPA

* Certified Fraud Examiner
** Masters of Taxation
*** Certified Valuation Analyst



Charles P. Quirk, CPA, Retired
Otray J. Woods Jr., CPA, Inactive
Robert E. Cargile, CPA, Inactive
William A. Mancuso, CPA, Retired

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

INDEPENDENT AUDITORS' REPORT

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, 1999, 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.

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.

In our opinion, 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, 1999, 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, 1999, 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 January 18, 2000 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, Quirk & Burch

Lake Charles, Louisiana
January 18, 2000

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, 1999

<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	\$ 86,024	\$ 71,544	\$ 99,657	\$ 246
Investments	35,788	656,705	-	-
Receivables	-	16,452	-	73,274
Inventory of material and supplies	-	-	-	-
Other receivables	-	-	-	-
Bond issue cost, net of accumulated amortization	-	-	-	-
Prepaid expenses	-	-	-	-
Notes receivable, current portion	-	-	-	-
Other assets	100,000	-	-	-
Due from other funds	2,308	55,080	-	-
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>\$ 224,120</u>	 <u>\$ 799,781</u>	 <u>\$ 99,657</u>	 <u>\$ 73,520</u>

Proprietary Fund Types <u>Enterprise</u>	<u>Account Groups</u>		<u>Total Memorandum Only</u>	Component Unit	<u>Total Memorandum Only</u>
	General	Long-Term	Primary		Reporting
	<u>Fixed Assets</u>	<u>Debt</u>	<u>Government</u>		<u>Unit</u>
\$ 96,340	\$ -	\$ -	\$ 353,811	\$ 217,942	\$ 571,753
659,641	-	-	1,352,134	-	1,352,134
61,832	-	-	151,558	765,044	916,602
-	-	-	-	80,624	80,624
-	-	-	-	281,252	281,252
-	-	-	-	9,711	9,711
-	-	-	-	30,890	30,890
38,603	-	-	38,603	-	38,603
40	-	-	100,040	-	100,040
11,608	-	-	68,996	-	68,996
101,726	-	-	101,726	-	101,726
1,691,691	5,807,495	-	7,499,186	1,459,044	8,958,230
81,930	-	-	81,930	-	81,930
-	-	99,657	99,657	-	99,657
-	-	<u>2,259,761</u>	<u>2,259,761</u>	-	<u>2,259,761</u>
<u>\$ 2,743,411</u>	<u>\$ 5,807,495</u>	<u>\$ 2,359,418</u>	<u>\$ 12,107,402</u>	<u>\$ 2,844,507</u>	<u>\$ 14,951,909</u>

(continued on next page)

CITY OF DEQUINCY, LOUISIANA

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

September 30, 1998

(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	50,878	14,435	-	73,274
Employees' retirement payable	-	-	-	-
Payroll taxes payable	-	-	-	-
Other accrued liabilities	3,064	4,377	-	-
Due to other funds	11,074	17,585	-	-
Payable from restricted assets:				
Customer deposits	-	-	-	-
General obligation bonds payable	-	-	-	-
Revenue bonds payable	-	-	-	-
Loans and notes payable	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	<u>65,016</u>	<u>36,397</u>	<u>-</u>	<u>73,274</u>
Fund equity:				
Contributed capital	-	-	-	-
Investment in general fixed assets	-	-	-	-
Retained earnings:				
Reserved for future loans	-	-	-	-
Unreserved:				
Designated for capital expenditures	-	-	-	-
Undesignated	-	-	-	-
Fund balance:				
Reserved for debt service	-	-	99,657	-
Reserved for capital expenditures	-	-	-	246
Unreserved:				
Undesignated	<u>159,104</u>	<u>763,384</u>	<u>-</u>	<u>-</u>
Total retained earnings/ fund balance	<u>159,104</u>	<u>763,384</u>	<u>99,657</u>	<u>246</u>
Total fund equity	<u>159,104</u>	<u>763,384</u>	<u>99,657</u>	<u>246</u>
Total liabilities and fund equity	<u>\$ 224,120</u>	<u>\$ 799,781</u>	<u>\$ 99,657</u>	<u>\$ 73,520</u>

See notes to financial statements

Proprietary Fund Types <u>Enterprise</u>	<u>Account Groups</u>		<u>Total Memorandum Only</u>	<u>Component Unit</u>	<u>Total Memorandum Only</u>
	<u>General Fixed Assets</u>	<u>Long-Term Debt</u>	<u>Primary Government</u>		<u>Reporting Unit</u>
\$ 50,003	\$ -	\$ -	\$ 50,003	\$ 31,526	\$ 81,529
47,065	-	-	185,652	594,884	780,536
2,428	-	-	2,428	-	2,428
-	-	-	-	22,442	22,442
63	-	-	7,504	195,772	203,276
40,337	-	-	68,996	-	68,996
101,726	-	-	101,726	-	101,726
-	-	195,000	195,000	-	195,000
-	-	2,164,418	2,164,418	1,726,607	3,891,025
262,822	-	-	262,822	35,000	297,822
-	-	-	-	484,375	484,375
<u>504,444</u>	<u>-</u>	<u>2,359,418</u>	<u>3,038,549</u>	<u>3,090,606</u>	<u>6,129,155</u>
1,434,164	-	-	1,434,164	-	1,434,164
-	5,807,495	-	5,807,495	-	5,807,495
205,280	-	-	205,280	-	205,280
100,000	-	-	100,000	-	100,000
499,523	-	-	499,523	(246,099)	253,424
-	-	-	99,657	-	99,657
-	-	-	246	-	246
-	-	-	922,488	-	922,488
<u>804,803</u>	<u>-</u>	<u>-</u>	<u>1,827,194</u>	<u>(246,099)</u>	<u>1,581,095</u>
<u>2,238,967</u>	<u>5,807,495</u>	<u>-</u>	<u>9,068,853</u>	<u>(246,099)</u>	<u>8,822,754</u>
<u>\$ 2,743,411</u>	<u>\$ 5,807,495</u>	<u>\$ 2,359,418</u>	<u>\$ 12,107,402</u>	<u>\$ 2,844,507</u>	<u>\$ 14,951,909</u>

CITY OF DEQUINCY, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 Year Ended September 30, 1999

	<u>Governmental Fund</u>	
	<u>General</u>	<u>Special Revenue</u>
Revenues:		
Taxes	\$ 317,672	\$ 762,110
Licenses and permits	102,827	-
Intergovernmental	31,960	-
Charges for services	128,987	-
Fines and forfeits	56,668	-
Miscellaneous	89,604	33,658
Interest on investments	2,637	26,982
Sewer user fee	-	163,490
Grants	<u>96,512</u>	<u>122,242</u>
Total revenues	<u>826,867</u>	<u>1,108,482</u>
Expenditures:		
Current:		
General government	414,340	-
Public safety	528,973	-
Sanitation	142,502	219,792
Highways and streets	-	589,550
Culture and recreation	49,153	-
Debt service	31,822	-
Capital outlay	<u>-</u>	<u>-</u>
Total expenditures	<u>1,166,790</u>	<u>809,342</u>
Excess (deficiency) of revenues over expenditures	<u>(339,923)</u>	<u>299,140</u>
Other financing sources (uses):		
Operating transfers in	470,544	-
Operating transfers out	<u>-</u>	<u>(111,284)</u>
Total other financing sources (uses)	<u>470,544</u>	<u>(111,284)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	130,621	187,856
Fund balance at beginning of year	<u>28,483</u>	<u>575,528</u>
Fund balance at end of year	<u>\$ 159,104</u>	<u>\$ 763,384</u>

See 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>
\$ -	\$ -	\$ 1,079,782
-	-	102,827
-	-	31,960
-	-	128,987
-	-	56,668
-	-	123,262
3,455	-	33,074
-	-	163,490
-	634,550	853,304
<u>3,455</u>	<u>634,550</u>	<u>2,573,354</u>
-	-	414,340
-	-	528,973
-	-	362,294
-	-	589,550
-	-	49,153
262,711	-	294,533
-	634,488	634,488
<u>262,711</u>	<u>634,488</u>	<u>2,873,331</u>
<u>(259,256)</u>	<u>62</u>	<u>(299,977)</u>
124,978	-	595,522
-	-	(111,284)
<u>124,978</u>	<u>-</u>	<u>484,238</u>
(134,278)	62	184,261
<u>233,935</u>	<u>184</u>	<u>838,130</u>
<u>\$ 99,657</u>	<u>\$ 246</u>	<u>\$ 1,022,391</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, 1999

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 300,000	\$ 317,672	\$ 17,672
Licenses and permits	99,000	102,827	3,827
Intergovernmental	40,700	31,960	(8,740)
Charges for services	140,000	128,987	(11,013)
Fines and forfeits	70,000	56,668	(13,332)
Miscellaneous	8,900	89,604	80,704
Interest on investments	2,000	2,637	637
Sewer user fees	-	-	-
Grants	<u>215,900</u>	<u>96,512</u>	<u>(119,388)</u>
Total revenues	<u>876,500</u>	<u>826,867</u>	<u>(49,633)</u>
Expenditures:			
General government	428,700	414,340	14,360
Public safety	525,200	528,973	(3,773)
Sanitation	140,000	142,502	(2,502)
Highways and streets	-	-	-
Culture and recreation	69,300	49,153	20,147
Debt service	<u>33,300</u>	<u>31,822</u>	<u>1,478</u>
Total expenditures	<u>1,196,500</u>	<u>1,166,790</u>	<u>29,710</u>
Excess (deficiency) of revenues over expenditures	<u>(320,000)</u>	<u>(339,923)</u>	<u>(19,923)</u>
Other financing sources (uses):			
Operating transfers in	345,000	470,544	125,544
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>345,000</u>	<u>470,544</u>	<u>125,544</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	25,000	130,621	105,621
Fund balances at beginning of year	<u>28,483</u>	<u>28,483</u>	<u>-</u>
Fund balances at end of year	<u>\$ 53,483</u>	<u>\$ 159,104</u>	<u>\$ 105,621</u>

See notes to financial statements

<u>Special Revenue Fund Types</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 745,000	\$ 762,110	\$ 17,110
-	-	-
-	-	-
-	-	-
-	-	-
9,500	33,658	24,158
22,000	26,982	4,982
135,000	163,490	28,490
<u>141,500</u>	<u>122,242</u>	<u>(19,258)</u>
<u>1,053,000</u>	<u>1,108,482</u>	<u>55,482</u>
-	-	-
-	-	-
216,900	219,792	(2,892)
581,700	589,550	(7,850)
-	-	-
-	-	-
<u>798,600</u>	<u>809,342</u>	<u>(10,742)</u>
<u>254,400</u>	<u>299,140</u>	<u>44,740</u>
4,200	-	(4,200)
<u>(240,000)</u>	<u>(111,284)</u>	<u>128,716</u>
<u>(235,800)</u>	<u>(111,284)</u>	<u>124,516</u>
18,600	187,856	169,256
<u>575,528</u>	<u>575,528</u>	<u>-</u>
<u>\$ 594,128</u>	<u>\$ 763,384</u>	<u>\$ 169,256</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, 1999 and 1998

	Enterprise Fund	Component Unit	Totals Memorandum Only Reporting Entity
Operating revenues:			
Charges for services	\$ 814,362	\$ -	\$ 814,362
Rent	6,260	-	6,260
Interest	9,562	-	9,562
Patient services and other revenue	-	4,231,125	4,231,125
Total operating revenues	<u>830,184</u>	<u>4,231,125</u>	<u>5,061,309</u>
Operating expenses:			
Personal services	143,647	-	143,647
Natural gas purchased	374,281	-	374,281
Materials and supplies	27,502	-	27,502
Heat, light and power	8,584	-	8,584
Depreciation	108,232	-	108,232
Other services and charges	119,221	-	119,221
Hospital operating expenses	-	4,434,701	4,434,701
Total operating expenses	<u>781,467</u>	<u>4,434,701</u>	<u>5,216,168</u>
Operating income (loss)	<u>48,717</u>	<u>(203,576)</u>	<u>(154,859)</u>
Nonoperating revenues (expenses):			
Miscellaneous revenues and grants	297,724	62,505	360,229
Interest on investments	39,679	3,468	43,147
Interest and fiscal charges	(19,932)	(84,696)	(104,628)
Other expenses	-	(16,765)	(16,765)
Total nonoperating revenues (expenses)	<u>317,471</u>	<u>(35,488)</u>	<u>281,983</u>
Income (loss) before operating transfers	<u>366,188</u>	<u>(239,064)</u>	<u>127,124</u>
Transfers and other expenses:			
Transfers from other funds	555,871	-	555,871
Transfers to other funds	(1,040,839)	-	(1,040,839)
Total transfers and other expenses	<u>(484,968)</u>	<u>-</u>	<u>(484,968)</u>
Net income (loss)	(118,780)	(239,064)	(357,844)

(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, 1999 and 1998
 (Continued)

	<u>Enterprise Fund</u>	<u>Component Unit</u>	<u>Totals Memorandum Only Reporting Entity</u>
Net income (loss)	(118,780)	(239,064)	(357,844)
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>
(Decrease) in retained earnings	(56,942)	(239,064)	(296,006)
Retained earnings at beginning of year	<u>861,745</u>	<u>(7,035)</u>	<u>854,710</u>
Retained earnings (deficit) at end of year	<u>\$ 804,803</u>	<u>\$ (246,099)</u>	<u>\$ 558,704</u>

See 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, 1999

	Enterprise Fund	Component Unit	Totals Memorandum <u>Only</u> Reporting Entity
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 48,717	\$ (239,064)	\$ (190,347)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation and amortization	108,232	247,031	355,263
Changes in assets and liabilities:			
Decrease in accounts receivable	7,406	563,592	570,998
Decrease in inventories	-	1,359	1,359
Decrease in prepaid expenses	8,880	54	8,934
Increase in accounts payable	9,785	32,425	42,210
(Decrease) in accrued liabilities	-	(173,340)	(173,340)
Net cash provided by operating activities	<u>183,020</u>	<u>432,057</u>	<u>615,077</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Miscellaneous revenues and grants	297,724	-	297,724
Operating transfers in	555,871	-	555,871
Operating transfers out	(1,040,839)	-	(1,040,839)
Advances from other funds	(148,530)	-	(148,530)
Increase in customer deposits	<u>523</u>	<u>-</u>	<u>523</u>
Net cash (used in) noncapital financing activities	<u>(335,251)</u>	<u>-</u>	<u>(335,251)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(244,310)	(22,224)	(266,534)
Principal paid on revenue bond maturities	(25,000)	-	(25,000)
Interest and fiscal charges paid on revenue bonds	(19,932)	-	(19,932)
Repayment of capital lease obligation	-	(79,457)	(79,457)
Collections on note and decrease in other receivable	4,323	-	4,323
Payments on notes	(47,365)	(42,980)	(90,345)
(Decrease) in other liabilities	<u>-</u>	<u>(163,351)</u>	<u>(163,351)</u>
Net cash (used in) capital and related financing activities	<u>(332,284)</u>	<u>(308,012)</u>	<u>(640,296)</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, 1999
 (Continued)

	<u>Enterprise Fund</u>	<u>Component Unit</u>	<u>Totals Memorandum Only Reporting Entity</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	39,679	-	39,679
Increase (decrease) in investments	<u>245,832</u>	<u>-</u>	<u>245,832</u>
Net cash (used in) investing activities	<u>285,511</u>	<u>-</u>	<u>285,511</u>
 Net increase (decrease) in cash and cash equivalents	 (199,004)	 124,045	 (74,959)
 Cash and cash equivalents:			
Beginning of year	<u>295,344</u>	<u>93,897</u>	<u>389,241</u>
 End of year	 <u>\$ 96,340</u>	 <u>\$ 217,942</u>	 <u>\$ 314,282</u>

See notes to financial statements

CITY OF DEQUINCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
September 30, 1999

(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 fair market value.

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, 1999 is \$230,266 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 \$54,785 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.

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, 1999 are as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Category 1	\$ 252,334	\$ 252,334
Category 2	437,749	572,959
Category 3	<u>244,539</u>	<u>244,539</u>
	<u>\$ 934,622</u>	<u>\$ 1,069,832</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 \$340,695 was secured by federal deposit insurance or by collateral.

NOTES TO FINANCIAL STATEMENTS

Credit risk categories:

The City's deposits and investments are categorized above in accordance with GASB Statement No. 3 to give an indication of the level of risk assumed at year end. Category 1, which represents the lowest level of risk, includes investments and deposits that are insured or registered or for which the securities are held by the City or its agent in the City's name. 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. Category 3, which represents the greatest level of risk, includes uninsured and unregistered investments or deposits which are not protected by collateral, or for which securities are not held in the City's name. Category 3 investments represent funds held with One Group Mutual Funds with a fair value of \$244,539 at September 30, 1999. These investments are not allowed under Louisiana law.

Investments:

Included in investments is \$873,049 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 I50.165 the investment in LAMP at September 30, 1999, is not categorized in the three risk categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPAs. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

NOTES TO FINANCIAL STATEMENTS

A reconciliation of cash and investments is as follows:

	<u>Balance Sheet</u>	<u>Carrying Amount By Category</u>
Balance sheet:		
Cash	\$ 353,811	\$ 353,811
Restricted asset	<u>101,726</u>	<u>101,726</u>
	<u>455,537</u>	<u>455,537</u>
Investments:		
Certificates of deposit	142,146	142,146
Louisiana Asset Management Pool, Inc.	873,049	-
U.S. Treasury bond	92,400	92,400
Mutual funds	<u>244,539</u>	<u>244,539</u>
	<u>1,352,134</u>	<u>479,085</u>
	<u>\$ 1,807,671</u>	<u>\$ 934,622</u>

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

(3) Ad Valorem Taxes

For the year ended September 30, 1999, taxes of 5.97 mills were levied on property with assessed valuations totaling \$9,360,560 and were dedicated for general corporate purposes. Total taxes levied were \$55,883.

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 9-30-98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9-30-99</u>
Building	\$ 621,147	\$ -	\$ -	\$ 621,147
Improvements other than buildings	3,783,228	-	-	3,783,228
Equipment	440,411	20,398	(239,154)	221,655
Vehicles	497,075	49,902	-	546,977
Construction in progress	<u>-</u>	<u>634,488</u>	<u>-</u>	<u>634,488</u>
Total general fixed assets	<u>\$ 5,341,861</u>	<u>\$ 704,788</u>	<u>\$ (239,154)</u>	<u>\$ 5,807,495</u>

NOTES TO FINANCIAL STATEMENTS

A summary of proprietary fund types property, plant, and equipment at September 30, 1999 follows:

City of DeQuincy:

Land	\$ 28,950
Buildings and improvements	2,429,285
Gas distribution system	593,094
Autos and trucks	106,468
Machinery and equipment	<u>215,773</u>
Total	3,373,570
Less accumulated depreciation	<u>1,681,879</u>
	<u>\$ 1,691,691</u>

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	1,558,292
Medical office building-rental property	<u>447,308</u>
	5,691,093
Less accumulated depreciation	<u>4,232,049</u>
	<u>\$ 1,459,044</u>

(5) Long-Term Debt

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

	<u>Balance</u> <u>10-1-98</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>9-30-99</u>
Revenue bonds payable	\$ 2,498,578	\$ -	\$ 139,160	\$ 2,359,418
Certificates of indebtedness- Series 1995	319,876	-	38,878	280,998
Note payable, Bank One-fire truck	30,000	-	30,000	-
Note payable, Bank One-ditch witch	<u>40,314</u>	<u>-</u>	<u>8,487</u>	<u>31,827</u>
	<u>\$ 2,888,768</u>	<u>\$ -</u>	<u>\$ 216,525</u>	<u>\$ 2,672,243</u>

NOTES TO FINANCIAL STATEMENTS

Bonds and notes payable at September 30, 1999 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	\$ 195,000
\$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	1,187,548
\$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	280,998
\$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	976,870

Notes payable:

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	<u>31,827</u>
	<u>\$ 2,672,243</u>

The annual requirements to amortize all debt outstanding as of September 30, 1999, including interest payments of \$1,703,984, are as follows:

NOTES TO FINANCIAL STATEMENTS

Annual Requirements to Amortize Long-Term Debt
September 30, 1999

<u>Year Ending September 30</u>	<u>Revenue</u>
2000-03	\$ 1,293,563
2004-08	1,177,665
2009-13	673,842
2014-18	272,400
2019-36	<u>958,757</u>
	<u>\$ 4,376,227</u>

The amount of \$99,657 is available in the Debt Service Funds to service the revenue bonds.

Summary of long-term debt and capital leases at September 30, 1999 - component unit:

<p>\$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, and</p> <p>\$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, and</p> <p>\$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</p>	<p>\$ 1,711,608</p>
<p>\$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</p>	<p>50,000</p>

(continued on next page)

NOTES TO FINANCIAL STATEMENTS

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 31,525

\$ 1,793,133

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 January 21, 2000.

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

2000	\$ 454,492
2001	180,593
2002	178,000
2003	168,000
2004	<u>173,000</u>
	<u>\$ 1,154,085</u>

(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 (1999 collections \$356,172; 1998 \$336,527) 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 (1999 collections \$356,172; 1998 \$336,527) 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.

NOTES TO FINANCIAL STATEMENTS

Proceeds of a 1/2% sales and use tax levied by the City effective October 1, 1993 (1999 collections \$178,086; 1998 \$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, 1999 were:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 2,308	\$ 11,074
Special Revenue Funds:		
Sewer Maintenance Fund	51,117	-
Sales Tax Fund	3,963	17,585
Enterprise Funds:		
Gas Utility Revenue Fund	<u>11,608</u>	<u>40,337</u>
	<u>\$ 68,996</u>	<u>\$ 68,996</u>

(8) Gas Utility Revenue Fund

During the year, the Gas Utility Revenue Fund purchased 1,191,950 cubic feet of natural gas, and sold 1,062,400 cubic feet. This leaves an unaccounted difference of 129,550 cubic feet, or 10.87% of the total amount of natural gas purchased.

At September 30, 1999 there were approximately 1,771 customers being served by the gas distribution system. The total amount of gas billed during the year was \$814,362, resulting in an average monthly bill of \$38.32 per customer. The gas rates being charged by the City at September 30, 1999 were as follows:

Residential

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

NOTES TO FINANCIAL STATEMENTS

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

Municipal Police Employees Retirement System

Plan Description. The City of DeQuincy contributes to the Municipal Police Employees' Retirement System, a cost-sharing multiple employer plan administered by the Municipal and State Police Employees' Retirement System of Louisiana. The Municipal Police Employees' Retirement System was established as of July 1, 1973, by Act 189 of 1973 and amended by 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 to provide retirement benefits 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. Historical trend information for this plan is included in the separately issued report for the Municipal Employees' Retirement System for the period ended June 30, 1998.

Funding Policy. Plan members are required to contribute 7.5% of their annual covered salary and the City of DeQuincy is required to contribute at a statutorily determined rate. The current rate is 9% of annual covered payroll. The contribution requirements of plan members and the City of DeQuincy are established and may be amended by the Board of Trustees. The City of DeQuincy's contributions to the Municipal Police Employees' Retirement System for the years ending September 30, 1999, 1998 and 1997 were \$27,091, \$23,788 and \$22,484, respectively, equal to the required contributions for each year.

NOTES TO FINANCIAL STATEMENTS

Municipal Employees' Retirement System

Plan Description. The City of DeQuincy contributes to the Municipal Employees' Retirement System of Louisiana, a cost-sharing multiple-employer plan administered by the Municipal Employees' Retirement System, State of Louisiana. The Municipal Employees' 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; 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. Historical trend information for this plan is included in the separately issued report for the Municipal Employees' Retirement System for the period ended June 30, 1998.

Funding Policy. Plan members are required to contribute 9.25% of their annual covered salary and the City of DeQuincy is required to contribute at a statutorily determined rate. The current rate is 5.75% of annual covered payroll. The contribution requirements of plan members and the City of DeQuincy are established and may be amended by the Board of Trustees. The City of DeQuincy's contributions to the Municipal Employees' Retirement System of Louisiana for the years ending September 30, 1999, 1998 and 1997 were \$21,183, \$19,206 and \$20,399, respectively, equal to the required contributions for each year.

(10) Litigation

The City is involved in several lawsuits. Outside counsel for the City estimates that potential claims against the City, which are not covered by insurance, would not materially affect the financial statements of the City.

NOTES TO FINANCIAL STATEMENTS

(11) Segment Information

The City's Enterprise Funds provide gas services to the residents of the City and surrounding immediate area, as well as airpark services. Operations accounted for in the Enterprise Funds are financed and operated in a manner similar to private business enterprises. It is generally intended that the 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, 1999:

	<u>Gas Utility</u> <u>Revenue Fund</u>	<u>Industrial</u> <u>Airpark Fund</u>	<u>Revolving</u> <u>Loan Fund</u>	<u>Total</u>
Operating revenues	\$ 814,362	\$ 6,260	\$ 9,562	\$ 830,184
Depreciation expense	43,704	64,528	-	108,232
Net operating income (loss)	117,947	(76,750)	7,520	48,717
Net income (loss)	213,482	(339,782)	7,520	366,188
Property, plant and equipment, net	152,300	1,539,391	-	1,691,691
Property, plant and equipment additions	34,793	209,715	-	244,310
Net working capital	413,617	191,201	123,350	728,168
Total assets	755,782	1,782,349	205,280	2,743,411
Due from other funds	11,608	-	-	11,608
Due to other funds	40,337	-	-	40,337
Retained earnings	522,731	76,792	205,280	804,803

(12) Individual Fund Deficits

The component unit had a deficit in retained earnings of \$(246,099) at September 30, 1999.

NOTES TO FINANCIAL STATEMENTS

(13) Changes in Contributed Capital

	Industrial Airpark Fund		Gas Utility Revenue Fund	
	1999	1998	1999	1998
Balance at beginning of year	\$ 1,470,585	\$ 1,527,422	\$ 25,417	\$ 30,417
Less depreciation on fixed assets acquired by funds externally restricted for capital expenditures: Current year	(56,838)	(56,837)	(5,000)	(5,000)
Balance at end of year	<u>\$ 1,413,747</u>	<u>\$ 1,470,585</u>	<u>\$ 20,417</u>	<u>\$ 25,417</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
Lawrence Henagan	900
Malcolm Lyle	1,800
Charles Russell	1,800
Isaiah Buck	1,800
Judy Landry	900

(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 1999:

Medicare	55%
Medicaid	9
Other third-party	13
Patients	23
	<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, 1999, there are no operating leases that have initial or remaining lease terms in excess of one year.

Total rental expense in 1999 for all operating leases was approximately \$32,037.

(17) Subsequent Events

The City of DeQuincy advertised for and received bids on December 15, 1998 regarding the sale of the Hospital. The City called a special election during 1999 and received the approval from voters to finalize any potential sale. The City has accepted a proposal in the amount of \$2,400,000 and anticipates closing the sale on February 28, 2000.

(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 January 21, 2000, these amounts were unfunded.

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, 1999 and 1998

<u>ASSETS</u>	<u>1999</u>	<u>1998</u>
Cash	\$ 86,024	\$ 67,860
Investments	35,788	-
Due from other funds	2,308	928
Loan receivable	<u>100,000</u>	<u>-</u>
Total assets	<u>\$ 224,120</u>	<u>\$ 68,788</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 50,878	\$ 36,763
Accrued expenses	3,064	3,377
Due to other funds	<u>11,074</u>	<u>165</u>
Total liabilities	65,016	40,305
Fund balance:		
Unreserved-undesignated (deficit)	<u>159,104</u>	<u>28,483</u>
Total liabilities and fund balance	<u>\$ 224,120</u>	<u>\$ 68,788</u>

See 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, 1999
With Comparative Actual Amounts for Year Ended September 30, 1998

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 300,000	\$ 317,672	\$ 17,672	\$ 338,048
Licenses and permits	99,000	102,827	3,827	99,312
Intergovernmental	40,700	31,960	(8,740)	38,668
Charges for services	140,000	128,987	(11,013)	128,813
Fines and forfeits	70,000	56,668	(13,332)	72,395
Miscellaneous	8,900	89,604	80,704	18,983
Interest on investments	2,000	2,637	637	2,208
Grants	<u>215,900</u>	<u>96,512</u>	<u>(119,388)</u>	<u>192,942</u>
Total revenues	<u>876,500</u>	<u>826,867</u>	<u>(49,633)</u>	<u>891,369</u>
Expenditures:				
Current:				
General government	428,700	414,340	14,360	408,543
Public safety	525,200	528,973	(3,773)	451,803
Sanitation	140,000	142,502	(2,502)	140,514
Culture and recreation	69,300	49,153	20,147	78,000
Debt service	<u>33,300</u>	<u>31,822</u>	<u>1,478</u>	<u>32,438</u>
Total expenditures	<u>1,196,500</u>	<u>1,166,790</u>	<u>29,710</u>	<u>1,111,298</u>
(Deficiency) of revenues over expenditures	(320,000)	(339,923)	(19,923)	(219,929)
Other financing sources (uses):				
Operating transfers in	<u>345,000</u>	<u>470,544</u>	<u>125,544</u>	<u>234,713</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	25,000	130,621	105,621	14,784
Fund balance at beginning of year	<u>28,483</u>	<u>28,483</u>	-	<u>13,699</u>
Fund balance at end of year	<u>\$ 53,483</u>	<u>\$ 159,104</u>	<u>\$ 105,621</u>	<u>\$ 28,483</u>

See notes to financial statements

CITY OF DEQUINCY, LOUISIANA
GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
Year Ended September 30, 1999
With Comparative Actual Amounts for Year Ended September 30, 1998

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual		Actual
General government:				
Personal services	\$ 104,500	\$ 126,654	\$ (22,154)	\$ 111,450
Supplies	7,000	14,727	(7,727)	11,647
Other services and charges	259,200	268,719	(9,519)	280,553
Capital outlay	58,000	4,240	53,760	4,893
Total general government	<u>428,700</u>	<u>414,340</u>	<u>14,360</u>	<u>408,543</u>
Public safety:				
Police:				
Personal services	320,000	361,899	(41,899)	338,490
Supplies	5,000	4,484	516	4,379
Other services and charges	84,500	67,296	17,204	64,570
Capital outlay	75,000	57,968	17,032	26,854
Total police	<u>484,500</u>	<u>491,647</u>	<u>(7,147)</u>	<u>434,293</u>
Fire:				
Personal services	8,000	11,317	(3,317)	6,991
Supplies	2,000	5,931	(3,931)	900
Other services and charges	10,700	20,078	(9,378)	9,119
Capital outlay	20,000	-	20,000	500
Total fire	<u>40,700</u>	<u>37,326</u>	<u>3,374</u>	<u>17,510</u>
Total public safety	<u>525,200</u>	<u>528,973</u>	<u>(3,773)</u>	<u>451,803</u>
Sanitation:				
Other services and charges	<u>140,000</u>	<u>142,502</u>	<u>(2,502)</u>	<u>140,514</u>
Culture and recreation parks:				
Personal services	2,500	2,600	(100)	2,600
Other services and charges	6,800	41,506	(34,706)	22,566
Capital outlay	50,000	5,047	54,953	52,834
Total culture and recreation parks	<u>59,300</u>	<u>49,153</u>	<u>20,147</u>	<u>78,000</u>
Debt service:				
Principal retirements	33,300	31,000	2,300	30,000
Interest paid	-	822	(822)	2,438
Total debt service	<u>33,300</u>	<u>31,822</u>	<u>1,478</u>	<u>32,438</u>
Total expenditures	<u>\$ 1,196,500</u>	<u>\$ 1,166,790</u>	<u>\$ 29,710</u>	<u>\$ 1,111,298</u>

See 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, 1999

<u>ASSETS</u>	Sewer Maintenance <u>Fund</u>	Sales Tax <u>Fund</u>	<u>Totals</u>	
			<u>1999</u>	<u>1998</u>
Cash	\$ 71,544	\$ -	\$ 71,544	\$ 154,846
Accounts receivable	16,452	-	16,452	31,303
Investment	598,464	58,241	656,705	236,510
Due from other funds	<u>51,117</u>	<u>3,963</u>	<u>55,080</u>	<u>185,413</u>
Total assets	<u>\$ 737,577</u>	<u>\$ 62,204</u>	<u>\$ 799,781</u>	<u>\$ 608,072</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable	\$ 4,731	\$ 9,704	\$ 14,435	\$ 17,317
Accrued expenses	1,727	2,650	4,377	6,310
Due to other funds	<u>-</u>	<u>17,585</u>	<u>17,585</u>	<u>8,917</u>
Total liabilities	6,458	29,939	36,397	32,544
Fund balance:				
Unreserved-undesignated	<u>731,119</u>	<u>32,265</u>	<u>763,384</u>	<u>575,528</u>
Total liabilities and fund balance	<u>\$ 737,577</u>	<u>\$ 62,204</u>	<u>\$ 799,781</u>	<u>\$ 608,072</u>

See 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, 1999
With Comparative Totals for Year Ended September 30, 1998

	<u>Sewer Maintenance Fund</u>	<u>Sales Tax Fund</u>	<u>Totals</u>	
			1999	1998
Revenues:				
Taxes	\$ 356,172	\$ 405,938	\$ 762,110	\$ 672,918
Sewer user fee	163,490	-	163,490	166,332
Interest earned	21,223	5,759	26,982	24,001
Miscellaneous	15,645	18,013	33,658	54,252
Grants	-	122,242	122,242	-
Total revenues	<u>556,530</u>	<u>551,952</u>	<u>1,108,482</u>	<u>917,503</u>
Expenditures:				
Sanitation	219,792	-	219,792	274,629
Highways and streets	-	589,550	589,550	291,355
Total expenditures	<u>219,792</u>	<u>589,550</u>	<u>809,342</u>	<u>565,984</u>
Excess (deficiency) of revenues over expenditures	336,738	(37,598)	299,140	351,519
Other financing sources (uses):				
Operating transfers in (out)	<u>(111,284)</u>	<u>-</u>	<u>(111,284)</u>	<u>(285,965)</u>
Excess (deficiency) of of revenues and other sources over expenditures and other uses	225,454	(37,598)	187,856	65,554
Fund balance at beginning of year	<u>505,665</u>	<u>69,863</u>	<u>575,528</u>	<u>509,974</u>
Fund balance at end of year	<u>\$ 731,119</u>	<u>\$ 32,265</u>	<u>\$ 763,384</u>	<u>\$ 575,528</u>

See notes to financial statements

CITY OF DEQUINCY, LOUISIANA
SPECIAL REVENUE FUNDS
SEWER MAINTENANCE FUND

COMPARATIVE BALANCE SHEET
September 30, 1999 and 1998

<u>ASSETS</u>	<u>1999</u>	<u>1998</u>
Cash	\$ 71,544	\$ 84,557
Investments	598,464	236,510
Accounts receivable	16,452	31,303
Due from other funds	<u>51,117</u>	<u>165,143</u>
Total assets	<u>\$ 737,577</u>	<u>\$ 517,513</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 4,731	\$ 9,134
Accrued expenses	<u>1,727</u>	<u>2,714</u>
Total liabilities	6,458	11,848
Fund balance:		
Unreserved-undesignated	<u>731,119</u>	<u>505,665</u>
Total liabilities and fund balance	<u>\$ 737,577</u>	<u>\$ 517,513</u>

See 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, 1999
With Comparative Actual Amounts for Year Ended September 30, 1998

	1999		Variance	1998
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Taxes	\$ 320,000	\$ 356,172	\$ 36,172	\$ 336,391
Sewer user fee	135,000	163,490	28,490	166,332
Investment income	20,000	21,223	1,223	21,134
Miscellaneous	500	15,645	15,145	44,880
Total revenues	475,500	556,530	81,030	568,737
Expenditures-sanitation:				
Personal services	95,000	104,713	(9,713)	77,823
Materials and supplies	8,000	9,118	(1,118)	19,367
Other services and charges	103,900	103,716	184	109,520
Capital outlay	10,000	2,245	7,755	67,919
Total expenditures	216,900	219,792	(2,892)	274,629
Excess of revenues over expenditures	258,600	336,738	78,138	294,108
Other financing sources (uses):				
Operating transfers in (out)	(240,000)	(111,284)	128,716	(285,965)
Excess of revenues and other sources over expenditures and other uses	18,600	225,454	206,854	8,143
Fund balance at beginning of year	505,665	505,665	-	497,522
Fund balance at end of year	\$ 524,265	\$ 731,119	\$ 206,854	\$ 505,665

See notes to financial statements

CITY OF DEQUINCY, LOUISIANA
SPECIAL REVENUE FUNDS
SALES TAX FUND

COMPARATIVE BALANCE SHEET
September 30, 1999 and 1998

<u>ASSETS</u>	<u>1999</u>	<u>1998</u>
Cash	\$ -	\$ 70,289
Investments	58,241	-
Due from other funds	<u>3,963</u>	<u>20,270</u>
Total assets	<u>\$ 62,204</u>	<u>\$ 90,559</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 9,704	\$ 8,183
Accrued expenses	2,650	3,596
Due to other funds	<u>17,585</u>	<u>8,917</u>
Total liabilities	29,939	20,696
Fund balance:		
Unreserved-undesignated (deficit)	<u>32,265</u>	<u>69,863</u>
Total liabilities and fund balance	<u>\$ 62,204</u>	<u>\$ 90,559</u>

See 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, 1999
With Comparative Actual Amounts for Year Ended September 30, 1998

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 425,000	\$ 405,938	\$ (19,062)	\$ 336,527
Interest earned	2,000	5,759	3,759	2,867
Miscellaneous	9,000	18,013	9,013	9,372
Grants	<u>141,500</u>	<u>122,242</u>	<u>(19,258)</u>	<u>-</u>
Total revenues	<u>577,500</u>	<u>551,952</u>	<u>(25,548)</u>	<u>348,766</u>
Expenditures-highways and streets:				
Personal services	150,000	162,355	(12,355)	163,894
Materials and supplies	14,000	31,653	(17,653)	15,499
Equipment maintenance	8,000	11,317	(3,317)	12,265
Other services and charges	94,700	130,927	(36,227)	85,057
Capital outlay	<u>315,000</u>	<u>253,298</u>	<u>61,702</u>	<u>14,640</u>
Total expenditures	<u>581,700</u>	<u>589,550</u>	<u>(7,850)</u>	<u>291,355</u>
Excess (deficiency) of revenues over expenditures	(4,200)	(37,598)	(33,398)	57,411
Other financing sources (uses):				
Appropriation of prior year fund balance	<u>4,200</u>	<u>-</u>	<u>(4,200)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other (uses)	-	(37,598)	(37,598)	57,411
Fund balance at beginning of year	<u>69,863</u>	<u>69,863</u>	<u>-</u>	<u>12,452</u>
Fund balance at end of year	<u>\$ 69,863</u>	<u>\$ 32,265</u>	<u>\$ (37,598)</u>	<u>\$ 69,863</u>

See 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, 1999
With Comparative Totals for September 30, 1998

<u>ASSETS</u>	Public Improvement Bonds Series ST-2A	Utility Revenue Refunding Bonds Series 1998	Sewer Revenue Bonds of 1997	<u>Totals</u>	
				1999	1998
Cash:					
Sinking funds	\$ 31,118	\$ 47,771	\$ -	\$ 78,889	\$ 64,432
Reserve funds	7,375	-	6,666	14,041	88,598
Contingency funds	-	-	6,727	6,727	80,905
Total assets	<u>\$ 38,493</u>	<u>\$ 47,771</u>	<u>\$ 13,393</u>	<u>\$ 99,657</u>	<u>\$ 233,935</u>
<u>FUND BALANCE</u>					
Reserved for debt service	<u>\$ 38,493</u>	<u>\$ 47,771</u>	<u>\$ 13,393</u>	<u>\$ 99,657</u>	<u>\$ 233,935</u>

See 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, 1999
With Comparative Totals for Year Ended September 30, 1998

	Public Improvement Bonds Series <u>ST-2A</u>	Utility Revenue Refunding Bonds Series 1998	Sewer Revenue Bonds of 1997	<u>Totals</u>	
				1999	1998
Revenues:					
Interest on investments	\$ 1,289	\$ 1,721	\$ 445	\$ 3,455	\$ 9,151
Expenditures:					
Principal retirement	60,000	43,885	10,275	114,160	1,274,896
Interest and fiscal charges	<u>15,798</u>	<u>88,350</u>	<u>44,403</u>	<u>148,551</u>	<u>221,182</u>
Total expenditures	<u>75,798</u>	<u>132,235</u>	<u>54,678</u>	<u>262,711</u>	<u>1,496,078</u>
(Deficiency) of revenues over expenditures	<u>(74,509)</u>	<u>(130,514)</u>	<u>(54,233)</u>	<u>(259,256)</u>	<u>(1,486,927)</u>
Other financing sources (uses):					
Bonds issued	-	-	-	-	1,231,433
Operating transfers in	<u>73,350</u>	<u>(8,324)</u>	<u>59,952</u>	<u>124,978</u>	<u>294,478</u>
Total other financing sources (uses)	<u>73,350</u>	<u>(8,324)</u>	<u>59,952</u>	<u>124,978</u>	<u>1,525,911</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(1,159)	(138,838)	5,719	(134,278)	38,984
Fund balance at beginning of year	<u>39,652</u>	<u>186,609</u>	<u>7,674</u>	<u>233,935</u>	<u>194,951</u>
Fund balance at end of year	<u>\$ 38,493</u>	<u>\$ 47,771</u>	<u>\$ 13,393</u>	<u>\$ 99,657</u>	<u>\$ 233,935</u>

See notes to financial statements

CAPITAL PROJECTS FUND

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

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

LCDBB/DED 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, 1999

<u>ASSETS</u>	<u>FHA Westside Sewer Treatment</u>	<u>Rail Spur</u>	<u>LCDBG/DED Westside Sewer Treatment</u>	<u>Total</u>
Cash	\$ 82	\$ 84	\$ 80	\$ 246
Loan receivable	<u>73,274</u>	<u>-</u>	<u>-</u>	<u>73,274</u>
Total assets	<u>\$ 73,356</u>	<u>\$ 84</u>	<u>\$ 80</u>	<u>\$ 73,520</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities	\$ 73,274	\$ -	\$ -	\$ 73,274
Fund balance	<u>82</u>	<u>84</u>	<u>80</u>	<u>246</u>
Total liabilities and fund balance	<u>\$ 73,356</u>	<u>\$ 84</u>	<u>\$ 80</u>	<u>\$ 73,520</u>

See 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, 1999

	FHA Westside Sewer <u>Treatment</u>	<u>Rail Spur</u>	LCDBG/DED Westside Sewer <u>Treatment</u>	<u>Total</u>
Revenues:				
Grant income - other	\$ 160,722	\$ 6,930	\$ 466,898	\$ 634,550
Expenditures:				
Capital outlay	<u>160,640</u>	<u>6,930</u>	<u>466,918</u>	<u>634,488</u>
Excess (deficiency) of revenues over expenditures	82	-	(20)	62
Fund balance at beginning of year	<u>-</u>	<u>84</u>	<u>100</u>	<u>184</u>
Fund balance at end of year	<u>\$ 82</u>	<u>\$ 84</u>	<u>\$ 80</u>	<u>\$ 246</u>

See 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, 1999 and 1998

<u>ASSETS</u>	Gas Utility Revenue Fund	
	1999	1998
Current assets:		
Cash	\$ -	\$ 63,869
Investments, at cost	457,935	101,382
Notes receivable, current portion	-	-
Accounts receivable	32,173	69,238
Prepaid natural gas purchases	-	8,880
Other assets	40	40
Due from other funds	<u>11,608</u>	<u>7,500</u>
Total current assets	<u>501,756</u>	<u>250,909</u>
Restricted assets-cash and investments:		
Revenue bond sinking fund cash	-	633
Revenue bond reserve cash	-	32,000
Revenue bond depreciation and contingencies cash	-	24,000
Customer deposits	<u>101,726</u>	<u>101,203</u>
Total restricted assets	<u>101,726</u>	<u>157,836</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>212,398</u>	<u>177,605</u>
	924,696	889,903
Less accumulated depreciation	<u>772,396</u>	<u>728,691</u>
Net property, plant and equipment	<u>152,300</u>	<u>161,212</u>
Other assets:		
Notes receivable-due after one year	<u>-</u>	<u>-</u>
Total assets	<u>\$ 755,782</u>	<u>\$ 569,957</u>

Industrial Airpark Fund		Revolving Loan Fund		Total	
1999	1998	1999	1998	1999	1998
\$ 11,593	\$ 101,938	\$ 84,747	\$ 72,904	\$ 96,340	\$ 237,811
201,706	804,614	-	-	659,641	905,996
-	-	38,603	39,477	38,603	39,477
29,659	-	-	-	61,832	69,238
-	-	-	-	-	8,880
-	-	-	-	40	40
-	-	-	-	11,608	7,500
<u>242,958</u>	<u>906,552</u>	<u>123,350</u>	<u>112,381</u>	<u>868,064</u>	<u>1,268,942</u>
-	-	-	-	-	633
-	-	-	-	-	32,000
-	-	-	-	-	24,000
-	-	-	-	101,726	101,203
-	-	-	-	101,726	157,836
17,950	13,250	-	-	28,950	24,250
2,427,549	2,223,417	-	-	2,429,285	2,225,153
-	-	-	-	593,094	593,094
-	-	-	-	106,468	106,468
3,375	2,690	-	-	215,773	180,295
2,448,874	2,239,357	-	-	3,373,570	3,129,260
909,483	844,955	-	-	1,681,879	1,573,646
<u>1,539,391</u>	<u>1,394,402</u>	-	-	<u>1,691,691</u>	<u>1,555,614</u>
-	-	81,930	85,379	81,930	85,379
<u>\$ 1,782,349</u>	<u>\$ 2,300,954</u>	<u>\$ 205,280</u>	<u>\$ 197,760</u>	<u>\$ 2,743,411</u>	<u>\$ 3,068,671</u>

(continued on next page)

CITY OF DEQUINCY, LOUISIANA
ENTERPRISE FUNDS

COMBINING BALANCE SHEET
September 30, 1999 and 1998
(Continued)

<u>LIABILITIES AND FUND EQUITY</u>	<u>Gas Utility Revenue Fund</u>	
	<u>1999</u>	<u>1998</u>
Liabilities:		
Current liabilities (payable from current assets):		
Accounts payable	\$ 36,253	\$ 33,316
Notes payable (due within one year)	9,058	6,319
Employees' retirement payable	2,428	2,284
Other payables	63	63
Due to other funds	<u>40,337</u>	<u>38,111</u>
Total current liabilities (payable from current assets)	<u>88,139</u>	<u>80,093</u>
Current liabilities (payable from restricted assets):		
Current portion of revenue bonds	-	25,000
Customer deposits	<u>101,726</u>	<u>101,203</u>
Total current liabilities (payable from restricted assets)	<u>101,726</u>	<u>126,203</u>
Long-term liabilities:		
Notes payable (due after one year)	<u>22,769</u>	<u>33,995</u>
Total liabilities	<u>212,634</u>	<u>240,291</u>
Fund equity:		
Contributed capital	<u>20,417</u>	<u>25,417</u>
Retained earnings:		
Reserved per revenue bond indentures	-	56,633
Reserved for future loans	-	-
Unreserved:		
Designated for capital expenditures	100,000	100,000
Undesignated	<u>422,731</u>	<u>147,616</u>
Total retained earnings	<u>522,731</u>	<u>304,249</u>
Total fund equity	<u>543,148</u>	<u>329,666</u>
Total liabilities and fund equity	<u>\$ 755,782</u>	<u>\$ 569,957</u>

See notes to financial statements

Industrial Airpark Fund		Revolving Loan Fund		Total	
1999	1998	1999	1998	1999	1998
\$ 10,812	\$ 4,109	\$ -	\$ -	\$ 47,065	\$ 37,425
40,945	38,864	-	-	50,003	45,183
-	-	-	-	2,428	2,284
-	-	-	-	63	63
-	146,648	-	-	40,337	184,759
<u>51,757</u>	<u>189,621</u>	-	-	<u>139,896</u>	<u>269,714</u>
-	-	-	-	-	25,000
-	-	-	-	101,726	101,203
-	-	-	-	101,726	126,203
<u>240,053</u>	<u>281,012</u>	-	-	<u>262,822</u>	<u>315,007</u>
<u>291,810</u>	<u>470,633</u>	-	-	<u>504,444</u>	<u>710,924</u>
<u>1,413,747</u>	<u>1,470,585</u>	-	-	<u>1,434,164</u>	<u>1,496,002</u>
-	-	-	-	-	56,633
-	-	205,280	197,760	205,280	197,760
-	-	-	-	100,000	100,000
<u>76,792</u>	<u>359,736</u>	-	-	<u>499,523</u>	<u>507,352</u>
<u>76,792</u>	<u>359,736</u>	<u>205,280</u>	<u>197,760</u>	<u>804,803</u>	<u>861,745</u>
<u>1,490,539</u>	<u>1,830,321</u>	<u>205,280</u>	<u>197,760</u>	<u>2,238,967</u>	<u>2,357,747</u>
<u>\$ 1,782,349</u>	<u>\$ 2,300,954</u>	<u>\$ 205,280</u>	<u>\$ 197,760</u>	<u>\$ 2,743,411</u>	<u>\$ 3,068,671</u>

CITY OF DEQUINCY, LOUISIANA
ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
Years Ended September 30, 1999 and 1998

	Gas Utility Revenue Fund	
	1999	1998
Operating revenues:		
Charges for services	\$ 814,362	\$ 998,293
Rent	-	-
Interest earned	-	-
Total operating revenues	814,362	998,293
Operating expenses:		
Personal services	143,647	133,895
Natural gas purchased	374,281	419,163
Materials and supplies	24,722	41,682
Heat, light, and power	6,014	9,356
Depreciation	43,704	38,097
Other services and charges	104,047	72,816
Total operating expenses	696,415	715,009
Operating income (loss)	117,947	283,284
Nonoperating revenues (expenses):		
Miscellaneous revenues and grants	2,748	3,237
Interest on investments	23,489	10,973
Interest and fiscal charges	(3,316)	(5,026)
Total nonoperating revenues (expenses)	22,921	9,184
Income (loss) before operating transfers	140,868	292,468
Transfers:		
Transfers from other funds	393,750	-
Transfers to other funds	(321,136)	(269,522)
Total transfers and other expenses	72,614	(269,522)
Net income (loss)	213,482	22,946
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	218,482	27,946
Retained earnings at beginning of year	304,249	276,303
Retained earnings at end of year	\$ 522,731	\$ 304,249

See notes to financial statements

Industrial Airpark Fund		Revolving Loan Fund		Total	
1999	1998	1999	1998	1999	1998
\$ -	\$ -	\$ -	\$ -	\$ 814,362	\$ 998,293
6,260	6,220	-	-	6,260	6,220
-	-	9,562	9,114	9,562	9,114
<u>6,260</u>	<u>6,220</u>	<u>9,562</u>	<u>9,114</u>	<u>830,184</u>	<u>1,013,627</u>
-	-	-	-	143,647	133,895
-	-	-	-	374,281	419,163
2,780	1,337	-	-	27,502	43,019
2,570	2,526	-	-	8,584	11,882
64,528	64,774	-	-	108,232	102,871
<u>13,132</u>	<u>35,276</u>	<u>2,042</u>	<u>3,185</u>	<u>119,221</u>	<u>111,277</u>
<u>83,010</u>	<u>103,913</u>	<u>2,042</u>	<u>3,185</u>	<u>781,467</u>	<u>822,107</u>
<u>(76,750)</u>	<u>(97,693)</u>	<u>7,520</u>	<u>5,929</u>	<u>48,717</u>	<u>191,520</u>
294,976	65,478	-	-	297,724	68,715
16,190	37,795	-	-	39,679	48,768
<u>(16,616)</u>	<u>(18,309)</u>	<u>-</u>	<u>-</u>	<u>(19,932)</u>	<u>(23,335)</u>
<u>294,550</u>	<u>84,964</u>	<u>-</u>	<u>-</u>	<u>317,471</u>	<u>94,148</u>
<u>217,800</u>	<u>(12,729)</u>	<u>7,520</u>	<u>5,929</u>	<u>366,188</u>	<u>285,668</u>
162,121	82,000	-	-	555,871	82,000
<u>(719,703)</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>(1,040,839)</u>	<u>(319,522)</u>
<u>(557,582)</u>	<u>32,000</u>	<u>-</u>	<u>-</u>	<u>(484,968)</u>	<u>(237,522)</u>
<u>(339,782)</u>	<u>19,271</u>	<u>7,520</u>	<u>5,929</u>	<u>(118,780)</u>	<u>48,146</u>
<u>56,838</u>	<u>56,838</u>	<u>-</u>	<u>-</u>	<u>61,838</u>	<u>61,838</u>
<u>(282,944)</u>	<u>76,109</u>	<u>7,520</u>	<u>5,929</u>	<u>(56,942)</u>	<u>109,984</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>\$ 76,792</u>	<u>\$ 359,736</u>	<u>\$ 205,280</u>	<u>\$ 197,760</u>	<u>\$ 804,803</u>	<u>\$ 861,745</u>

CITY OF DEQUINCY, LOUISIANA
ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS
Year Ended September 30, 1999
With Comparative Totals for Year Ended September 30, 1998

	<u>Gas Utility Revenue Fund</u>	<u>Industrial Airpark Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ 117,947	\$ (76,750)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	43,704	64,528
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	37,065	(29,659)
(Increase) decrease in prepaid expenses	8,880	-
Increase (decrease) in accounts payable	3,082	6,703
Net cash provided by (used in) operating activities	<u>210,678</u>	<u>(35,178)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Miscellaneous revenues and grants	2,748	294,976
Operating transfers in	393,750	162,121
Operating transfers out	(321,136)	(719,703)
Advances from other funds	(1,882)	(146,648)
Increase (decrease) in customer deposits	<u>523</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities	<u>74,003</u>	<u>(409,254)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(34,793)	(209,517)
Principal paid on revenue bond maturities	(25,000)	-
Interest and fiscal charges paid	(3,316)	(16,616)
Loan made	-	-
Collection on notes	-	-
Payments on notes	(8,487)	(38,878)
Proceeds from notes payable	<u>-</u>	<u>-</u>
Net cash provided by (used in) capital and related financing activities	<u>(71,596)</u>	<u>(265,011)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned	23,489	16,190
(Increase) decrease in investments	<u>(357,076)</u>	<u>602,908</u>
Net cash provided by (used in) investing activities	<u>(333,587)</u>	<u>619,098</u>
Net increase (decrease) in cash and cash equivalents	(120,502)	(90,345)
Cash and cash equivalents:		
Beginning of year	<u>120,502</u>	<u>101,938</u>
End of year	<u>\$ -</u>	<u>\$ 11,593</u>

See notes to financial statements

<u>Revolving Loan Fund</u>	<u>Totals</u>	
	<u>1999</u>	<u>1998</u>
\$ 7,520	\$ 48,717	\$ 191,520
-	108,232	102,871
-	7,406	(10,605)
-	8,880	(1,686)
-	<u>9,785</u>	<u>4,288</u>
<u>7,520</u>	<u>183,020</u>	<u>286,388</u>
-	297,724	68,715
-	555,871	82,000
-	(1,040,839)	(319,522)
-	(148,530)	160,351
-	<u>523</u>	<u>2,361</u>
-	<u>(335,251)</u>	<u>(6,095)</u>
-	(244,310)	(68,911)
-	(25,000)	(25,000)
-	(19,932)	(23,335)
(75,820)	(75,820)	-
80,143	80,143	14,182
-	(47,365)	(42,812)
-	-	<u>46,251</u>
<u>4,323</u>	<u>(332,284)</u>	<u>(99,625)</u>
-	39,679	48,768
-	<u>245,832</u>	<u>(109,031)</u>
-	<u>285,511</u>	<u>(60,263)</u>
11,843	(199,004)	120,405
<u>72,904</u>	<u>295,344</u>	<u>174,939</u>
<u>\$ 84,747</u>	<u>\$ 96,340</u>	<u>\$ 295,344</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, 1999

	<u>Debt Service</u>	<u>Reserve</u>	<u>Depreciation Contingencies</u>	<u>Total</u>
Cash and investments at beginning of year	\$ 633	\$ 32,000	\$ 24,000	\$ 56,633
Cash receipts:				
Transfers from operating account	25,719	-	-	25,719
Interest earned	10	-	-	10
Total cash receipts	<u>25,729</u>	<u>-</u>	<u>-</u>	<u>25,729</u>
Total cash and investments available	<u>26,362</u>	<u>32,000</u>	<u>24,000</u>	<u>82,362</u>
Disbursements:				
Principal payments	25,000	-	-	25,000
Interest payments	719	-	-	719
Transfers to operating account	643	32,000	24,000	56,643
Total cash disbursements	<u>26,362</u>	<u>32,000</u>	<u>24,000</u>	<u>82,362</u>
Cash and investments at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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>1999</u>	<u>1998</u>
General fixed assets:		
Buildings	\$ 621,147	\$ 621,147
Improvements, other than buildings	3,783,228	3,783,228
Equipment	221,655	440,411
Vehicles	546,977	497,075
Construction in progress	<u>634,488</u>	<u>-</u>
Total general fixed assets	<u>\$ 5,807,495</u>	<u>\$ 5,341,861</u>
Investment in general fixed assets:		
Property acquired prior to 11-1-86*	\$ 828,051	\$ 828,051
Property acquired after 11-1-86	<u>4,979,444</u>	<u>4,513,810</u>
Total investment in general fixed assets	<u>\$ 5,807,495</u>	<u>\$ 5,341,861</u>

See 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, 1999 and 1998

<u>1999</u>	<u>Buildings</u>	Improvements Other Than <u>Buildings</u>	<u>Equipment</u>	<u>Vehicles</u>	Construction <u>in Progress</u>	<u>Total</u>
General fixed assets, beginning of year, as previously stated	\$ 621,147	\$ 3,783,228	\$ 440,411	\$ 497,075	\$ -	\$ 5,341,861
Additions:						
General fund revenue (taxes, franchise revenue)	-	-	20,398	49,902	-	70,300
Grants	-	-	-	-	634,488	634,488
Reductions:						
Disposed assets	-	-	(239,154)	-	-	-
General fixed assets, end of year	<u>\$ 621,147</u>	<u>\$ 3,783,228</u>	<u>\$ 221,655</u>	<u>\$ 546,977</u>	<u>\$ 634,488</u>	<u>\$ 5,807,495</u>
 <u>1998</u> 						
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>

See 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, 1999

	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	\$ 38,493	\$ 47,771	\$ -	\$ 13,393	\$ 99,657
Amount to be provided-sales tax, gas revenue and general revenue	<u>156,507</u>	<u>1,139,777</u>	<u>-</u>	<u>963,477</u>	<u>2,259,761</u>
Total available and to be provided	<u>\$ 195,000</u>	<u>\$ 1,187,548</u>	<u>\$ -</u>	<u>\$ 976,870</u>	<u>\$ 2,359,418</u>
GENERAL LONG-TERM DEBT PAYABLE					
Serial bonds payable:					
Sales tax bonds	\$ 195,000	\$ -	\$ -	\$ -	\$ 195,000
Sewer maintenance and gas commission revenue bonds	-	1,187,548	-	-	1,187,548
Sewer bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>976,870</u>	<u>976,870</u>
Total long-term debt payable	<u>\$ 195,000</u>	<u>\$ 1,187,548</u>	<u>\$ -</u>	<u>\$ 976,870</u>	<u>\$ 2,359,418</u>

See notes to financial statements

COMPLIANCE, INTERNAL CONTROL REPORTS

CITY OF DEQUINCY, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 1999

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Program Amount</u>	<u>Expenditures</u>
RUS - Water and Waste Disposal Systems for Rural Communities	10.760	\$ 692,000	\$ 160,640
Louisiana Community Development Block Grant - Sewer Project	14.219	296,833	296,833
Louisiana Community Development Block Grant - Railspur	14.219	6,930	6,930
U.S. Department of Justice - Byrne Formula Grant Program	16.579	34,966	34,966
U.S. Department of Justice - Cops Fast Award	16.579	70,078	70,078
Local Law Enforcement Block Grants Program	16.592	4,500	4,500
FAA - Airport Improvement Program	20.106	291,020	<u>185,268</u>
Total expenditures of federal awards			<u>\$ 759,215</u>

McELROY, QUIRK & BURCH

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

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, 1999, and have issued our report thereon dated January 18, 2000. 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. An instances of noncompliance is described in the accompanying schedule of findings and questioned costs as item 99-1.

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. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 99-2.

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 do not consider item 99-2 to be a material weakness.

This report is intended for the information of the City, management, and other state and federal audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

McElroy, Quil & Burch

Lake Charles, Louisiana
January 18, 2000

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and City Council
City of DeQuincy
DeQuincy, Louisiana

Compliance

We have audited the compliance of the City of DeQuincy, Louisiana with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1999. The City of DeQuincy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of DeQuincy's management. Our responsibility is to express an opinion on the City of DeQuincy's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of DeQuincy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of DeQuincy's compliance with those requirements.

In our opinion, the City of DeQuincy, Louisiana, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

The management of the City of DeQuincy is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of DeQuincy's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance 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 compliance that, in our judgement, could adversely affect the City of DeQuincy's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 99-3.

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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance 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 do not believe that the reportable conditions described above is a material weakness.

This report is intended for the information of the Board, management, and other state and federal audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

McElroy, Quirk & Burch

Lake Charles, Louisiana
January 18, 2000

CITY OF DEQUINCY, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 1999

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Qualified
Internal control over financial reporting:	
Material weakness identified?	_____ Yes <u> X </u> No
Reportable condition identified not considered to be material weakness?	<u> X </u> Yes _____ None reported
Noncompliance material to financial statements noted?	<u> X </u> Yes _____ No

Federal Awards

Internal control over major programs:	
Material weakness identified?	_____ Yes <u> X </u> No
Reportable condition identified not considered to be material weakness?	<u> X </u> Yes _____ None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	<u> X </u> Yes _____ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.760	RUS - Water and Waste Disposal Systems for Rural Communities
14.219	Louisiana Community Development Block Grant - Sewer Project

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? _____ Yes X No

(continued on next page)

CITY OF DEQUINCY, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 1999

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

99-1 Investment in violation of La Rev. Stat. 33:2955

Condition: The City invested public funds in a mutual fund which consisted of securities other than U.S. obligations.

Criteria: La Rev. Stat. 33:2955 restricts municipalities from investing in mutual funds other than those that have underlying investments consisting solely of and limited to securities of the United States government or its agencies.

Effect: The City is in violation of state law.

Recommendation: That the above mentioned investment be moved to an appropriate investment vehicle as prescribed by state law.

Response: We concur with the recommendation. The investment will be transferred.

99-2 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 the financial records or fraud 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.

CITY OF DEQUINCY, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 1999

(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

99-3 Financial Management

Condition: Upon inspection by the Louisiana Division of Administration, it was determined that one blank check in the checkbook for the Town's LCDBG grant was pre-signed. Additionally, they noted that the process for having dual signatures on checks was accomplished using a signature stamp of the mayor for a second signature. This stamp was in the custody of the only other person other than the mayor who was authorized to sign checks drawn on the LCDBG account.

Criteria: Effective internal control requires adequate segregation of duties in cash management.

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

Recommendation: All checks should have original signatures of two authorized individuals, and all checks should be signed at the time of the payment and not in advance. Also, the signature stamp should be placed in the custody of an individual not having check signing authority.

Response: We concur with this recommendation. Management has since implemented a proper check signing process.

CITY OF DEQUINCY, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS
Year Ended September 30, 1999

FINDING 98-1: Inadequate Segregation of Duties

Condition: This finding was a reportable condition relating to the entity's size and limited number of accounting personnel which made it impossible to achieve effective internal accounting control.

Recommendation: Since increasing staff size would not be cost effective, the auditor recommended that the City's management mitigate this weakness by its supervision and review procedures.

Current status: The condition still exists, however, it has been mitigated by the review procedures.

FINDING 98-2: Budget Violations

Condition: This finding was both a reportable condition and a material weakness. The City exceeded budgeted expenditures in the Sewer Revenue Fund by 59.25%.

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

Current status: We noted no such violations for the year ended September 30, 1999.