

CITY OF DEQUINCY, LOUISIANA

Financial Report

For the Year Ended September 30, 2022



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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Community Center & Playground District
No. 3 of Ward 7 of Calcasieu Parish
Calcasieu Parish Police Jury
Vinton, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of DeQuincy as of and for the year ended September 30, 2022 and related notes to the financial statements, which collectively comprise of the City of DeQuincy h's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of DeQuincy as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of DeQuincy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of DeQuincy ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of DeQuincy internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of DeQuincy ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

The City of DeQuincy has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Honorable Mayor and City Council
City of Dequincy, Louisiana

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of employer's proportionate share of net pension liability and the schedule of employer contribution be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of DeQuincy basic financial statements. The schedule of compensation, benefits and other payments to agency head and justice system funding schedule – collecting/dispersing entity are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2024, on our consideration of the City of DeQuincy internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of DeQuincy internal control over financial reporting and compliance.

This report is intended solely for the information and use of management, and Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Longley Williams Co., P.C.

Lake Charles, Louisiana
August 6, 2024

CITY OF DEQUINCY, LOUISIANA

STATEMENT OF NET POSITION

September 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,548,797	\$ 1,852,470	\$ 6,401,267
Investments	-	338,999	338,999
Accounts receivable, net of allowance for doubtful accounts	1,033,553	179,626	1,213,179
Due (to)/from other funds	(1,870,367)	1,870,367	-
Restricted cash	88,823	328,829	417,652
Restricted investments	-	167,251	167,251
Other assets	86,969	92,302	179,271
Capital assets, net	5,222,756	6,478,399	11,701,155
Total assets	9,110,531	11,308,243	20,418,774
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	543,830	284,695	828,525
Total deferred outflow of resources	543,830	284,695	828,525
Total assets and deferred outflow of resources	\$ 9,654,361	\$ 11,592,938	\$ 21,247,299
LIABILITIES			
Accounts payable and accrued liabilities	\$ 402,932	\$ 141,135	\$ 544,067
Customer deposits	-	113,642	113,642
Bonds payable	24,098	107,476	131,574
Long-term liabilities:			
Compensated absences	60,158	33,837	93,995
Net pension liability	1,734,852	969,979	2,704,831
Bonds payable	301,520	1,673,814	1,975,334
Total liabilities	2,523,560	3,039,883	5,563,443
DEFERRED INFLOWS OF RESOURCES			
Pension related	68,013	8,979	76,992
Total deferred inflow of resources	68,013	8,979	76,992
NET POSITION			
Invested in capital assets, net of related debt	5,222,756	4,804,585	10,027,341
Restricted for public safety	411,308	-	411,308
Restricted for street maintenance	1,139,173	-	1,139,173
Restricted for debt service	88,823	312,328	401,151
Unrestricted	200,728	3,427,163	3,627,891
Total net position	7,062,788	8,544,076	15,606,864
Total liabilities, deferred inflows of resources and net position	\$ 9,654,361	\$ 11,592,938	\$ 21,247,299

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

CITY OF DEQUINCY, LOUISIANA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2022

Activities	Expenses	Net (Expense) Revenues and Changes in Net Assets			
		Program Revenues	Primary Government		Total
		Charges for Services	Governmental Activities	Business-type Activities	
Governmental activities:					
General government	\$ 524,787	\$ -	\$ (524,787)	\$ -	\$ (524,787)
Public safety	1,801,759	106,541	(1,695,218)	-	(1,695,218)
Sanitation	252,925	271,720	18,795	-	18,795
Highways and streets	893,408	-	(893,408)	-	(893,408)
Culture and recreation	69,603	-	(69,603)	-	(69,603)
Interest on long-term debt	14,017	-	(14,017)	-	(14,017)
Total governmental activities	<u>3,556,499</u>	<u>378,261</u>	<u>(3,178,238)</u>	<u>-</u>	<u>(3,178,238)</u>
Business-type activities:					
Gas	775,582	836,143	-	60,561	60,561
Sewer	1,257,757	438,318	-	(819,439)	(819,439)
Airpark	854,448	76,071	-	(778,377)	(778,377)
Total business-type activities	<u>2,887,787</u>	<u>1,350,532</u>	<u>-</u>	<u>(1,537,255)</u>	<u>(1,537,255)</u>
Total primary government	<u>6,444,286</u>	<u>1,728,793</u>	<u>(3,178,238)</u>	<u>(1,537,255)</u>	<u>(4,715,493)</u>
General revenues:					
Taxes			1,425,322	999,882	2,425,204
Licenses and permits			185,131	-	185,131
Intergovernmental			575,284	-	575,284
Fines and forfeitures			301,952	-	301,952
Grants and contributions not restricted to specific programs			955,618	231,132	1,186,750
Investment earnings			8,688	(51,494)	(42,806)
Other			291,911	1,372	293,283
Special items:					
Gain on disposal of capital assets			16,555	(289,179)	(272,624)
Transfers			(51,654)	51,653	(1)
Total general revenues and transfers			<u>3,708,807</u>	<u>943,366</u>	<u>4,652,173</u>
Change in net position			530,569	(593,889)	(63,320)
Beginning net position			<u>6,532,219</u>	<u>9,137,965</u>	<u>15,670,184</u>
Ending net position			<u>\$ 7,062,788</u>	<u>\$ 8,544,076</u>	<u>\$ 15,606,864</u>

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

CITY OF DEQUINCY, LOUISIANA

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2022

	General	Public Safety Special Revenue	Streets Special Revenue	Total
ASSETS				
Cash and cash equivalents	\$ 1,743,394	\$ 75,314	\$ 2,730,089	\$ 4,548,797
Accounts receivable, net of allowance for doubtful accounts	571,148	149,657	312,748	1,033,553
Due from other funds	1,322,558	358,911	-	1,681,469
Restricted cash	88,823	-	-	88,823
Other assets	9,991	65,908	11,070	86,969
Total assets	\$ 3,735,914	\$ 649,790	\$ 3,053,907	\$ 7,439,611
LIABILITIES				
Accounts payable and accrued liabilities	\$ 109,344	\$ 218,039	\$ 75,549	\$ 402,932
Due to other funds	1,692,208	20,443	1,839,185	3,551,836
Total liabilities	1,801,552	238,482	1,914,734	3,954,768
FUND BALANCES				
Restricted for public safety	-	411,308	-	411,308
Restricted for street maintenance	-	-	1,139,173	1,139,173
Restricted for debt service	88,823	-	-	88,823
Unassigned	1,845,539	-	-	1,845,539
Total liabilities and fund balances	\$ 3,735,914	\$ 649,790	\$ 3,053,907	\$ 7,439,611

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

CITY OF DEQUINCY, LOUISIANA

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

September 30, 2022

Total fund balances for governmental funds at end of year		\$ 3,484,843
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Certain long-term assets are not reported in the fund financial statements because they are not available to pay current-period expenditures, but they are reported as assets in the statement of net position.		
Deferred outflows - pension related		543,830
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Capital assets, not being depreciated	290,869	
Capital assets, net of accumulated depreciation	<u>4,931,887</u>	5,222,756
Long-term liabilities are not payable from current resources and, therefore, are not reported in the funds. Those long-term liabilities consist of:		
Bonds payable	(325,618)	
Lease payable	-	
Net pension liability	(1,734,852)	
Compensated absences payable	(60,158)	
Deferred inflows - pension related	<u>(68,013)</u>	<u>(2,188,641)</u>
Total net position of governmental activities at end of year		<u>\$ 7,062,788</u>

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

CITY OF DEQUINCY, LOUISIANA

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

For the Year Ended September 30, 2022

	General	Public Safety Special Revenue	Streets Special Revenue	Total Governmental Funds
REVENUES				
Taxes	\$ 303,730	\$ 374,941	\$ 746,651	\$ 1,425,322
Licenses and permits	185,131	-	-	185,131
Intergovernmental	575,284	-	-	575,284
Charges for services	271,720	106,541	-	378,261
Fines and forfeitures	-	301,952	-	301,952
Miscellaneous	211,090	58,313	22,509	291,912
Interest earned	7,004	38	1,646	8,688
Grants	623,758	171,659	160,201	955,618
Total revenues	<u>2,177,717</u>	<u>1,013,444</u>	<u>931,007</u>	<u>4,122,168</u>
EXPENDITURES				
Current:				
General government	429,590	-	-	429,590
Public safety	-	1,526,351	-	1,526,351
Sanitation	252,925	-	-	252,925
Highways and streets	-	-	725,815	725,815
Culture and recreation	64,841	4,762	-	69,603
Capital outlay	231,504	638,271	237,079	1,106,854
Debt Service:				
Principal	24,237	-	-	24,237
Interest	14,017	-	-	14,017
Total expenditures	<u>1,017,114</u>	<u>2,169,384</u>	<u>962,894</u>	<u>4,149,392</u>
Excess (deficiency) of revenues over (under) expenditures	1,160,603	(1,155,940)	(31,887)	(27,224)
OTHER FINANCING SOURCES (USES)				
Sales of fixed assets	-	1,800	14,755	16,555
Operating transfers in	20,586	1,268,342	34,121	1,323,049
Operating transfers (out)	(1,348,138)	-	(26,565)	(1,374,703)
Total other financing sources (uses)	<u>(1,327,552)</u>	<u>1,270,142</u>	<u>22,311</u>	<u>(35,099)</u>
NET CHANGES IN FUND BALANCES	(166,949)	114,202	(9,576)	(62,323)
Beginning fund balances	<u>2,101,311</u>	<u>297,106</u>	<u>1,148,749</u>	<u>3,547,166</u>
ENDING FUND BALANCES	<u>\$ 1,934,362</u>	<u>\$ 411,308</u>	<u>\$ 1,139,173</u>	<u>\$ 3,484,843</u>

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

CITY OF DEQUINCY, LOUISIANA

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

For the Year Ended September 30, 2022

Total net changes in fund balances for the year per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ (62,323)
The change in net assets reported for governmental activities in the Statement of Activities is different because:		
<p>Certain receivables recorded in the government-wide financial statements are not reflected in the funds as they are too late to be considered available.</p>		
<p>Non-employer contributions to cost-sharing pension plan</p>		
Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	1,106,854	
Depreciation expense for the year	<u>(387,684)</u>	719,170
<p>Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal on long-term liabilities is an expenditure in governmental funds, but is a reduction of long-term liabilities in the Statement of Position</p>		
Principal payments		24,237
Lease payments		26,818
<p>In the Statement of Activities, certain operating expenses are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the financial resources used (essentially the amounts actually paid). The difference between the amounts incurred and the amounts actually paid:</p>		
Pension expense	(237,049)	
Employer contribution subsequent of measurement date	52,516	
Change in compensated absences	<u>7,200</u>	<u>(177,333)</u>
Total changes in net position for the year per Statement of Activities		<u>\$ 530,569</u>

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

CITY OF DEQUINCY, LOUISIANA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

Business-Type Activities - Enterprise Funds

September 30, 2022

	Gas Utility Revenue Fund	Sewer Utility Revenue Fund	Industrial Airpark Fund	Total
ASSETS				
Cash and cash equivalents	\$ 389,657	\$ 1,311,945	\$ 150,868	\$ 1,852,470
Investments	-	-	338,999	338,999
Accounts receivable, net of allowance for doubtful accounts	86,974	63,798	28,854	179,626
Due from other funds	246,943	1,327,296	617,942	2,192,181
Restricted cash	16,501	312,328	-	328,829
Restricted investments	167,251	-	-	167,251
Other assets	55,673	13,210	23,419	92,302
Total current assets	962,999	3,028,577	1,160,082	5,151,658
Property, plant and equipment, net of accumulated depreciation	49,471	3,119,332	3,309,596	6,478,399
Total assets	1,012,470	6,147,909	4,469,678	11,630,057
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	43,657	241,038	-	284,695
Total deferred outflow of resources	43,657	241,038	-	284,695
Total assets and deferred outflow of resources	\$ 1,056,127	\$ 6,388,947	\$ 4,469,678	\$ 11,914,752
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 47,171	\$ 34,707	\$ 59,257	\$ 141,135
Customer deposits	113,642	-	-	113,642
Bonds payable	-	107,476	-	107,476
Due to other funds	316,814	-	5,000	321,814
Total current liabilities	477,627	142,183	64,257	684,067
Long-term liabilities:				
Compensated absences	1,706	32,068	63	33,837
Net pension liability	148,742	821,237	-	969,979
Bonds payable	-	1,673,814	-	1,673,814
Total liabilities	628,075	2,669,302	64,320	3,361,697
DEFERRED INFLOWS OF RESOURCES				
Pension related	1,377	7,602	-	8,979
Total deferred inflow of resources	1,377	7,602	-	8,979
NET POSITION				
Invested in capital assets, net of related debt	49,471	1,445,518	3,309,596	4,804,585
Restricted for debt service	-	312,328	-	312,328
Unrestricted	377,204	1,954,197	1,095,762	3,427,163
Total net position	426,675	3,712,043	4,405,358	8,544,076
Total liabilities, deferred inflows of resources				

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

CITY OF DEQUINCY, LOUISIANA

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

For the Year Ended September 30, 2022

	Gas Utility Revenue Fund	Sewer Utility Revenue Fund	Industrial Airpark Fund	Total
OPERATING REVENUES:				
Charges for services	\$ 836,143	\$ 438,318	\$ 66,425	\$ 1,340,886
Rent	-	-	9,646	9,646
Total operating revenue	836,143	438,318	76,071	1,350,532
OPERATING EXPENSES:				
Personal services	124,672	647,164	46,858	818,694
Natural gas purchased	455,280	-	-	455,280
Materials and supplies	22,240	13,835	80,716	116,791
Utilities	2,930	72,098	13,553	88,581
Depreciation	10,327	278,393	358,965	647,685
Bad debts	18,026	-	-	18,026
Other services and charges	142,107	177,679	354,008	673,794
Total operating expenses	775,582	1,189,169	854,100	2,818,851
Operating income (loss)	60,561	(750,851)	(778,029)	(1,468,319)
Non-operating revenues (expenses):				
Miscellaneous revenues	-	1,372	-	1,372
Grant proceeds	-	17,864	213,268	231,132
Taxes	-	749,882	250,000	999,882
Earnings on investments	(25,027)	3,901	(30,368)	(51,494)
Gain (loss) on disposal of assets	5,778	(294,957)	-	(289,179)
Interest and fiscal charges	-	(68,588)	(348)	(68,936)
Total nonoperating revenues (expenses)	(19,249)	409,474	432,552	822,777
Income before operating transfers	41,312	(341,377)	(345,477)	(645,542)
Transfers from (to) other funds	3,022	50,899	(2,268)	51,653
Net income	44,334	(290,478)	(347,745)	(593,889)
Beginning net position	382,341	4,002,521	4,753,103	9,137,965
Ending net position	\$ 426,675	\$ 3,712,043	\$ 4,405,358	\$ 8,544,076

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

CITY OF DEQUINCY, LOUISIANA

STATEMENT OF CASH FLOWS
 BUSINESS-TYPE ACTIVITIES - PROPRIETARY FUNDS
 For the Year Ended September 30, 2022

	<u>Gas Utility Revenue Fund</u>	<u>Sewer Utility Revenue Fund</u>	<u>Industrial Airpark Fund</u>	<u>Total</u>
Cash flows from operating activities:				
Receipts from customers and users	\$ 812,901	\$ 498,314	\$ 76,071	\$ 1,387,286
Payments to suppliers	(616,127)	(369,362)	(566,490)	(1,551,979)
Payments to/on behalf of employees	(136,056)	(607,955)	63	(743,948)
Net cash provided (used) by operating activities	60,718	(479,003)	(490,356)	(908,641)
Cash flows from noncapital financing activities:				
Miscellaneous revenues and grants	-	1,372	312,337	313,709
Taxes received	-	749,882	250,000	999,882
Grants received	-	17,864	213,268	231,132
Operating transfers in (out)	3,022	50,899	(2,268)	51,653
Increase in customer deposits	3,911	-	-	3,911
Advances from (to) other funds	(261,286)	(224,093)	(466,001)	(951,380)
Net cash provided (used) by noncapital financing activities	(254,353)	595,924	307,336	648,907
Cash flows from investing activities:				
Interest income	(25,027)	3,901	(30,368)	(51,494)
Change in investments	243,853	193,872	385,588	823,313
Net cash provided by investing activities	218,826	197,773	355,220	771,819
Cash flows from capital and related financing activities:				
Capital expenditures for plant and equipment	(5,134)	43,579	(265,727)	(227,282)
Proceeds from sales of assets	5,778	(294,957)	901	(288,278)
Principal payments on notes and revenue bonds	-	(103,729)	-	(103,729)
Interest paid	-	(68,588)	-	(68,588)
Net cash used by capital and related financing activities	644	(423,695)	(265,174)	(688,225)
Net change in cash	25,835	(109,001)	(92,974)	(176,140)
Cash and cash equivalents-beginning of year	380,323	1,733,274	243,842	2,357,439
Cash and cash equivalents-end of year	<u>\$ 406,158</u>	<u>\$ 1,624,273</u>	<u>\$ 150,868</u>	<u>\$ 2,181,299</u>

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

CITY OF DEQUINCY, LOUISIANA

STATEMENT OF CASH FLOWS (CONTINUED)
 BUSINESS-TYPE ACTIVITIES--PROPRIETARY FUNDS
 For the Year Ended September 30, 2022

	<u>Gas Utility Revenue Fund</u>	<u>Sewer Utility Revenue Fund</u>	<u>Industrial Airpark Fund</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 60,561	\$ (750,851)	\$ (778,029)	\$ (1,468,319)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	10,327	278,393	358,965	647,685
Change in operating assets and liabilities:				
Account receivable	(23,242)	59,996	-	36,754
Other assets	12,220	(6,206)	(4,913)	1,101
Accounts payable and other accrued expenses	(1,353)	(95,010)	(66,379)	(162,742)
Net pension liability and related deferrals	2,205	34,675	-	36,880
Total adjustments	<u>157</u>	<u>271,848</u>	<u>287,673</u>	<u>559,678</u>
Net cash provided by (used in) operating activities	<u>60,718</u>	<u>(479,003)</u>	<u>(490,356)</u>	<u>(908,641)</u>
Supplemental Disclosure:				
Cash paid for interest	<u>\$ -</u>	<u>\$ 68,588</u>	<u>\$ 348</u>	<u>\$ 68,936</u>

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

Notes to the Financial Statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. FINANCIAL REPORTING ENTITY

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

Consistent with this criterion, the City of DeQuincy has no component units as of September 30, 2022.

B. BASIS OF PRESENTATION

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

Government-Wide Financial Statements (GWFS)

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION – (Continued)

Fund Financial Statements (FFS)

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

General Fund

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

Special Revenue Funds

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

Enterprise Funds

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

1. The Gas Utility Revenue Fund accounts for the provision of gas services. This fund is considered a major fund.
2. The Sewer Utility Fund accounts for the provision of sewer services. This fund is considered a major fund.
3. The Industrial Airpark Fund accounts for the provision of airpark and industrial development services. This fund is considered a major fund.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. BUDGETS

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

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

Encumbrance accounting is not used.

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits and state and national bank's certificates of deposit with original maturities of 90 days or less. They are stated at cost, which approximates market value.

F. INVESTMENTS

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. RECEIVABLES

Receivables consist of all revenues earned at year-end not yet received. Receivables are reported net of an allowance for uncollectible accounts. Uncollectible amounts due from customers' utility receivables are recognized as bad debts at the time information becomes available which would indicate the collectability of the particular receivable. Management's evaluation of the allowance for bad debts is based on a review of all accounts and includes a consideration of past user history, any adverse situations that might affect the user's ability to repay, and current economic conditions. The need for an adjustment is considered at year end. Amounts charged-off that are subsequently recovered are recorded as income.

H. PROPERTY TAXES

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

I. INVENTORY

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

J. CAPITAL ASSETS

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

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

Building and improvements	7 – 40 years
Leasehold improvements	5 – 40 years
Gas distribution system	10 – 25 years
Autos and trucks	3 – 10 years
Machinery and equipment	5 – 10 years
Infrastructure	20 – 40 years

K. LONG-TERM LIABILITIES

All long-term liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of compensated absences payable, bond payables and net pension liability.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. USE OF ESTIMATES

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

M. COMPENSATED ABSENCES

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

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

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

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

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

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

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

At September 30, 2022, employees of the City have accumulated approximately \$93,995 in leave privileges, computed in accordance with GASB Statement 16.

N. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflows of resources (expenditure) until then. The City has one item that qualifies for this category; pension related deferrals, which is reported in the government-wide statement.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES – (Continued)

In addition, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) at that time. The City has one item that qualifies for this category; pension related deferrals. This amount is recognized as an inflow of resources in the period that the amount becomes available.

O. EQUITY CLASSIFICATIONS

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

O. EQUITY CLASSIFICATIONS – (Continued)

- Unassigned: Relates to fund balance amounts within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City has provided otherwise in his commitment or assignment actions.

P. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENT

In June 2017, GASB issued Statement No. 87, “*Leases*.” The statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions of GASB Statement No. 87 are effective for fiscal years beginning after December 15, 2019. GASB Statement 95 has postponed the effective date by eighteen months to June 15, 2021, in light of COVID-19 pandemic. The effect of implementation on the City's financial statements has not yet been determined.

In June 2020, the GASB issued Statement No. 97, “*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.” The requirements of this Statement related to the accounting and financial reporting for Internal Revenue Code Section 457 plans. GASB statement No. 97 is effective for fiscal years beginning after June 15, 2021. The effect of implementation on the City's financial statements has not yet been determined.

In June 2022, GASB issued Statement No. 101, “*Compensated Absences*.” The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 31, 2023, with earlier application encouraged. The effect of implementation of the statement of the City's financial statements has not yet been determined.

2. DEPOSITS AND INVESTMENTS

Under Louisiana Revised Statutes 39:2955, the City may deposit funds in demand deposit accounts, interest bearing demand deposit accounts, money market accounts, and time certificates of deposits with state banks, organized under Louisiana law and national banks, having principal offices in Louisiana. Additionally, Louisiana statutes allow the City to invest in United States Treasury obligations, obligations issued or guaranteed by United States government or federal agencies, and mutual or trust funds registered with the Securities and Exchange Commission which has underlying investments consisting solely of and limited to the United States government or its agencies.

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

2. DEPOSITS AND INVESTMENTS – (Continued)

At September 30, 2022, the City had cash and cash equivalents (book balances) totaling \$6,818,918 all of which were in demand deposit accounts.

Under state law, deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. Securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

The City periodically invests in the Louisiana Asset Management Pool, Inc., a local government investment pool (see Summary of Significant Accounting Policies). In accordance with GASB codification Section I50.165 investments in LAMP are not categorized in the three risk categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPAs. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted-average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The City's balance with LAMP at September 30, 2022 is \$938,325.

At September 30, 2022, the City had the following investments:

	Unrestricted	Restricted
Certificates of deposit	\$ 99,085	\$ -
U.S. agency securities	239,914	167,251
	\$ 338,999	\$ 167,251

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

Certificates of deposit have interest rates that range between 1% and 2% and mature in one year. Bonds have interest rates ranging between 3% and 6% and have maturities of between 5 and 30 years.

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

2. DEPOSITS AND INVESTMENTS – (Continued)

Custodial credit risk is the risk that in the event of bank failure, the City’s deposits may not be returned. At September 30, 2022, the City had \$5,988,827 in demand deposits, NOW accounts, and certificates of deposit (bank balances before outstanding checks or deposits in transit). These deposits are secured from risk by \$599,085 of federal deposit insurance and \$5,614,634 of pledged securities held by the custodial bank in the name of the fiscal agent bank. However, since the custodial bank acknowledges that the securities are pledged to the City of DeQuincy, all deposits are considered to be collateralized. Additionally, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent bank has failed to pay deposited funds upon demand.

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

3. RECEIVABLES

The receivables at September 30, 2022, are as follows:

	General	Public Safety Special Revenue	Street Special Revenue	Gas Utility	Sewer	Airpark	Total
Receivables:							
Utilities	\$ 99,864	\$ -	\$ -	\$ 155,853	\$ 119,230	\$ -	\$ 374,947
Other	523,150	149,657	312,748	-	-	28,854	1,014,409
Less: allowance for doubtful accounts	(51,866)	-	-	(68,879)	(55,432)	-	(176,177)
Net of allowance	<u>\$ 571,148</u>	<u>\$ 149,657</u>	<u>\$ 312,748</u>	<u>\$ 86,974</u>	<u>\$ 63,798</u>	<u>\$ 28,854</u>	<u>\$ 1,213,179</u>

4. AD VALOREM TAXES

For 2022, taxes of 6.02 mills were levied on property with assessed valuation of approximately \$17,765,000 and were dedicated for general purposes. Total ad valorem taxes collected during the year totaled \$107,259. Property taxes attach as an enforceable lien on property as of April 30. Taxes are levied on November 1.

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

5. CAPITAL ASSETS

A summary of changes in capital assets for the year ended September 30, 2022:

	Balance, Beginning of Year	Additions	Deletions	Transfers	Balance, End of Year
<u>Governmental Activities</u>					
Capital assets, not being depreciated:					
Construction in progress	\$ 190,095	\$ 166,062	\$ -	\$ (330,489)	\$ 25,668
Property held for future use or sale	92,900	-	-	-	92,900
Land	20,000	152,300	-	-	172,300
Total capital assets, not being depreciated	302,995	318,362	-	(330,489)	290,868
Capital assets, being depreciated:					
Buildings	2,344,660	31,948	-	-	2,376,608
Improvements other than buildings	1,697,512	39,041	(48,081)	-	1,688,472
Autos and trucks	1,283,679	512,524	(44,300)	-	1,751,903
Machinery and equipment	1,115,439	204,979	(51,411)	-	1,269,007
Infrastructure	3,171,938	330,489	-	-	3,502,427
Total capital assets, being depreciated	9,613,228	1,118,981	(143,792)	-	10,588,417
Less accumulated depreciation for:					
Buildings	1,362,077	51,072	-	-	1,413,149
Improvements other than buildings	1,221,276	66,376	(48,081)	-	1,239,571
Autos and trucks	1,082,875	90,933	(44,300)	-	1,129,508
Machinery and equipment	806,143	85,937	(51,411)	-	840,669
Infrastructure	940,267	93,365	-	-	1,033,632
Total accumulated depreciation	5,412,638	387,683	(143,792)	-	5,656,529
Total capital assets, being depreciated, net	4,200,590	731,298	-	-	4,931,888
Governmental activities capital assets, net	<u>\$ 4,503,585</u>	<u>\$ 1,049,660</u>	<u>\$ -</u>	<u>\$ (330,489)</u>	<u>\$ 5,222,756</u>

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

5. CAPITAL ASSETS – (Continued)

	Balance, Beginning of Year	Additions	Deletions	Transfers	Balance, End of Year
<u>Business-type Activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 164,383	\$ -	\$ -	\$ -	\$ 164,383
Construction in progress	1,505,855	265,346	-	(1,239,016)	532,185
Total capital assets, not being depreciated	<u>1,670,238</u>	<u>265,346</u>	<u>-</u>	<u>(1,239,016)</u>	<u>696,568</u>
Capital assets, being depreciated:					
Buildings	153,014	209,596	-	-	362,610
Improvements other than buildings	7,855,359	8,905	-	-	7,864,264
Gas distribution system	689,603	-	-	-	689,603
Sewer system	5,745,915	1,037,687	(737,315)	-	6,046,287
Autos and trucks	72,195	-	-	-	72,195
Machinery and equipment	287,569	238,821	(2,131)	-	524,259
Total capital assets, being depreciated	<u>14,803,655</u>	<u>1,495,009</u>	<u>(739,446)</u>	<u>-</u>	<u>15,559,218</u>
Less accumulated depreciation for:					
Buildings	65,355	10,390	-	-	75,745
Improvements other than buildings	5,188,708	339,246	-	-	5,527,954
Gas distribution system	651,064	9,583	-	-	660,647
Sewer system	3,387,234	245,975	(442,358)	-	3,190,851
Autos and trucks	37,492	7,058	-	-	44,550
Machinery and equipment	244,338	35,434	(2,131)	-	277,641
Total accumulated depreciation	<u>9,574,191</u>	<u>647,686</u>	<u>(444,489)</u>	<u>-</u>	<u>9,777,388</u>
Total capital assets, being depreciated, net	<u>5,229,464</u>	<u>847,323</u>	<u>(294,957)</u>	<u>-</u>	<u>5,781,830</u>
Business-type activities capital assets, net	<u>\$ 6,899,702</u>	<u>\$ 1,112,669</u>	<u>\$ (294,957)</u>	<u>\$ (1,239,016)</u>	<u>\$ 6,478,398</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 93,623
Public safety	160,805
Highways and streets	133,255
Total depreciation expense - governmental activities	<u>\$ 387,683</u>
Business-type activities:	
Gas	\$ 10,327
Sewer	278,393
Airpark	358,966
Total depreciation expense - business-type activities	<u>\$ 647,686</u>

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

6. LONG-TERM OBLIGATIONS

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

	Balance, Beginning of Year	Additions	Retirements	Balance, End of Year	Current Portion
Governmental activities:					
Rural Development bonds payable	\$ 349,856	\$ -	\$ (24,237)	\$ 325,619	\$ 24,098
Lease payable	26,818	-	(26,818)	-	-
Compensated absences	67,359	38,425	(45,626)	60,158	-
Net pension liability	954,787	1,076,976	(296,911)	1,734,852	-
	<u>1,398,820</u>	<u>1,115,401</u>	<u>(393,592)</u>	<u>2,120,629</u>	<u>24,098</u>
Business-type activities:					
Sewer bonds	1,885,019	-	(103,729)	1,781,290	107,476
Compensated absences	42,829	5,212	(15,290)	32,751	-
Net pension liability	594,323	557,969	(182,313)	969,979	-
	<u>2,522,171</u>	<u>563,181</u>	<u>(301,332)</u>	<u>2,784,020</u>	<u>107,476</u>
	<u>\$ 3,920,991</u>	<u>\$ 1,678,582</u>	<u>\$ (694,924)</u>	<u>\$ 4,904,649</u>	<u>\$ 131,574</u>

Bonds and notes payable at September 30, 2022, are comprised of the following individual issues:

Revenue bonds:

\$619,000 Revenue Bonds, Series 2003, due in monthly installments of \$3,188 through May 2033; interest at 4.5%. These funds were used to construct Public Safety building. \$ 325,619

\$1,200,000 Sales Tax Bonds Series 2019, due in semi-annual interest payments at interest ranging between 1.75% to 3.50%, and annual principal payments ranging \$63,000 and \$104,000 through June 2034. These funds are to be used for sewer improvements. 1,007,000

\$1,000,000 Sewer Revenue Bond, due in monthly installments of \$4,540 through May 2036, including interest at 4.5%. These funds were used to construct the sewer treatment plant. 553,673

\$349,000 Sewer Revenue Bond, due in monthly installments of \$1,584 through March 2039, including interest at 4.5%. These funds were used to make improvements to the Westside sewer treatment facility. 220,617

\$ 2,106,909

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

6. LONG-TERM OBLIGATIONS – (Continued)

The City is committed under bond agreements with the USDA Office of Rural Development to maintain certain reserve and contingency funds. The reserve and sinking fund amounts for the Public Safety building bonds was \$70,200 and \$18,623, respectively, and the reserve and contingency fund amounts for the sewer system bonds was \$97,433 and \$120,881, respectively, at September 30, 2022. Additionally, under provisions of the 2019 bond issue, the City established a bond sinking fund whereby the City deposits monthly a pro rata amount to fully fund the upcoming debt service payments. The amount in the sinking fund was \$33,749 at September 30, 2022.

The annual requirements to amortize all bonds and notes outstanding as of September 30, 2022, are as follows:

Year ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 24,098	\$ 14,156	\$ 107,476	\$ 65,456
2024	25,205	13,049	112,289	61,779
2025	26,363	11,891	116,186	57,923
2026	27,574	10,680	121,170	53,909
2027	28,841	9,414	125,245	49,716
2028-2032	165,337	25,934	708,845	177,647
2033-2037	28,201	529	481,845	42,287
2038-2039	-	-	8,234	93
	<u>\$ 325,619</u>	<u>\$ 85,653</u>	<u>\$ 1,781,290</u>	<u>\$ 508,810</u>

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

Proceeds of the 1% sales and use tax levied by the City of DeQuincy (2022 collections \$746,650) are dedicated as follows:

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

Proceeds of an additional 1% sales and use tax levied by the City of DeQuincy, effective January 1, 2011 (2022 collections \$749,882) and expires in 2036 are dedicated as follows:

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

Proceeds of a ½% sales and use tax levied by the City effective October 1, 2012 (2022 collections \$374,941) and expires in 2027 are dedicated as follows:

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

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

8. INDIVIDUAL FUND INTERFUND RECEIVABLE AND PAYABLE BALANCES

At September 30, 2022, amounts due to/from the various funds were:

<u>Creditor Fund</u>	<u>Debtor Fund</u>	<u>Amount</u>
General Fund	Sales Tax Fund	\$ 1,302,115
General Fund	Public Safety Fund	20,443
Public Safety Fund	Sales Tax Fund	358,911
Gas Utility Fund	General Fund	243,969
Gas Utility Fund	Sales Tax Fund	2,974
Airpark Fund	Sales Tax Fund	50,875
Airpark Fund	General Fund	567,067
Sewer Fund	Gas Utility Fund	316,814
Sewer Fund	General Fund	881,172
Sewer Fund	Sales Tax Fund	124,309
		<u>\$ 3,868,649</u>

The following is a summary of interfund transfers for the year ended September 30, 2022:

<u>Paying Fund</u>	<u>Receiving Fund</u>	<u>Amount</u>
General Fund	Public Safety Fund	\$ 1,266,843
General Fund	Sales Tax Fund	32,168
General Fund	Sewer Utility Fund	44,902
General Fund	Gas Utility Fund	4,226
Sales Tax Fund	Airpark Fund	16,778
Sales Tax Fund	Sewer Utility Fund	9,787
Gas Utility Fund	Sales Tax Fund	1,953
Gas Utility Fund	Sewer Utility Fund	750
Sewer Utility Fund	Airpark Fund	3,040
Airpark Fund	General Fund	20,586
Airpark Fund	Public Safety Fund	1,500
		<u>\$ 1,402,533</u>

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

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

9. GAS UTILITY REVENUE FUND

At September 30, 2022, there were approximately 1,266 customers being served by the gas distribution system. The total amount of gas billed during the year was \$823,564. The gas rates being charged by the City at September 30, 2022, are as follows:

Residential

Net monthly rate:

Inside city limits - \$ 8.00 minimum charge

Outside city limits - \$ 10.00 minimum charge

\$ 1.15869 per 100 cubic feet gas used

Commercial

Net monthly rate:

\$ 10.00 minimum charge

\$ 1.35869 per 100 cubic feet gas used

10. RETIREMENT PLANS

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

Municipal Employees Retirement System

Plan Description

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

Benefits Provided

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

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

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

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

10. RETIREMENT PLANS – (Continued)

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

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

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

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

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

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

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

10. RETIREMENT PLANS – (Continued)

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

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

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

Contributions

Contribution rates for member employees was set at 10.0% as of June 30, 2022.

According to state statute, contribution requirements for all employers are actuarially determined each year. At June 30, 2022, the actual employer contribution rate was 29.50% for Plan A. At June 30, 2022, the contractually-required employer contribution rate was 29.50% for Plan A. The actuarially determined rate is the rate calculated to provide employer contributions that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

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

The City's contractually required contribution rate for the year ended June 30, 2022, was 29.50% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

Contributions to the pension plan from the City were \$196,993 for the year ended June 30, 2022.

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

10. RETIREMENT PLANS (Continued)

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

At September 30, 2022, the City reported a liability of \$1,375,285 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The City's proportion of the Net Pension Liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the City's proportion was 0.33114%, which was an increase of 0.03582 percentage points from its proportion measured as of June 30, 2021.

For the year ended September 30, 2022, the City recognized pension expense of \$200,231.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to MERS from the following sources:

	Governmental Activities		Business-type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 479	\$ (1,553)	\$ 1,145	\$ (3,713)
Changes of assumptions	3,927	-	9,398	-
Net difference between projected and actual earnings on pension plan investments	67,441	-	161,400	-
Change in proportion and differences between employer contributions and proportionate share of contributions	31,667	(2,200)	75,786	(5,264)
Employer contributions subsequent to the measurement date	15,446	-	36,965	-
Total	\$ 118,960	\$ (3,753)	\$ 284,694	\$ (8,977)

Deferred outflows of resources of \$52,411 related to MERS resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2022.

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

10. RETIREMENT PLANS – (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MERS will be recognized in pension expense as follows:

<u>Year Ended</u> <u>September 30,</u>	
2022	\$ 177,294
2023	81,988
2024	21,899
2025	<u>109,743</u>
	<u><u>\$ 390,924</u></u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability of MERS as of June 30, 2022 are as follows:

Valuation date	June 30, 2022
Actuarial cost method	Entry Age Normal
Expected remaining service lives	3 years for Plan A
Actuarial assumptions:	
Investment rate of return	6.85%, net of investment expense
Inflation rate	2.500%
Projected salary increases	6.4% for 1-4 years of service; 4.5% for over 4 years
Mortality Rates	PubG-2010(B) Healthy Retiree Table Employee Table set equal to 120% for active members and healthy annuitants PubNS-2010(B) Disabled Retiree Table set equal to 120% for disabled lives.
Cost-of-living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

CITY OF DEQUINCY, LOUISIANA
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Notes to the Financial Statements

10. RETIREMENT PLANS – (Continued)

The mortality rate assumption used was verified by combining data from this plan with three other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period July 1, 2013 through June 30, 2018. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System’s liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System’s target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate of Return
Public equity	53.00%	2.31%
Public fixed income	38.00%	1.65%
Alternatives	9.00%	0.39%
Totals	100.00%	4.35%
Inflation		2.60%
Expected Arithmetic Nominal Return		6.95%

The discount rate used to measure the total pension liability was 6.85%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System’s actuary. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF DEQUINCY, LOUISIANA
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Notes to the Financial Statements

10. RETIREMENT PLANS – (Continued)

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

The following presents the City’s proportionate share of the MERS net pension liability calculated using the discount rate of 6.85%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2022:

	One Percentage Point Decrease 5.850%	Current Discount Rate 6.850%	One Percentage Point Increase 7.850%
Net Pension Liability	\$ 1,829,398	\$ 1,375,285	\$ 991,574

Pension Plan Fiduciary Net Position

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

Municipal Police Employees’ Retirement System of Louisiana (MPERS)

Plan Description

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

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

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

Benefits Provided

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

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana
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10. RETIREMENT PLANS – (Continued)

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

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

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

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

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

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

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

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

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

CITY OF DEQUINCY, LOUISIANA
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10. RETIREMENT PLANS – (Continued)

For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account.

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

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

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

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

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

Contributions

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

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

10. RETIREMENT PLANS – (Continued)

For the year ended June 30, 2022, total contributions due for employers and employees were 39.75%. The employer and employee contribution rates for all members hired prior to January 1, 2013, and Hazardous Duty members hired after January 1, 2013, were 29.75% and 10.0%, respectively.

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended September 30, 2022, and excluded from pension expense.

The City's contractually-required contribution rate for the year ended June 30, 2022, was 29.75% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

Contributions to the pension plan from the City were \$131,436 for the year ended June 30, 2022.

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

At September 30, 2022, the City reported a liability of \$1,329,546 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The City's proportion of the Net Pension Liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the City's proportion was 0.13007%, which was an decrease of .00644 percentage points from its proportion measured as of June 30, 2021.

For the year ended September 30, 2022, the City recognized pension expense of 145,649.

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

10. RETIREMENT PLANS – (Continued)

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to MPERS from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,557	\$ (10,836)
Changes of assumptions	45,862	(9,889)
Net difference between projected and actual earnings on pension plan investments	237,366	-
Change in proportion and differences between employer contributions and proportionate share of contributions	96,452	(43,536)
Employer contributions subsequent to the measurement date	38,633	-
Total	\$ 424,870	\$ (64,261)

Deferred outflows of resources of \$38,633 related to MPERS resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MPERS will be recognized in pension expense as follows:

<u>Year Ended</u> <u>September 30,</u>	
2023	\$ 178,082
2024	57,293
2025	726
2026	124,508
	\$ 360,609

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

10. RETIREMENT PLANS – (Continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability of MPERS as of June 30, 2022 are as follows:

Valuation date	June 30, 2022
Actuarial cost method	Entry Age Normal
Expected remaining service lives	4 years
Actuarial assumptions:	
Investment rate of return	6.75%, net of investment expense
Inflation rate	2.500%
Projected salary increases	1-2 years of service: 12.30% Above 2 years of service: 4.70%
Mortality Rates	For annuitants and beneficiaries, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used. For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used. For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

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

10. RETIREMENT PLANS – (Continued)

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019, and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System’s liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System’s target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate of Return
Equity	55.50%	3.60%
Fixed Income	30.50%	0.85%
Alternatives	14.00%	0.95%
Totals	100.00%	5.40%
Inflation		2.66%
Expected Arithmetic Nominal Return		8.06%

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System’s actuary. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

10. RETIREMENT PLANS – (Continued)

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

The following presents the City’s proportionate share of the MPERS net pension liability calculated using the discount rate of 6.75%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2022:

	One Percentage Point Decrease 5.750%	Current Discount Rate 6.750%	One Percentage Point Increase 7.750%
Net Pension Liability	\$ 1,861,110	\$ 1,329,546	\$ 885,514

Pension Plan Fiduciary Net Position

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

11. RISK MANAGEMENT

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

12. COMPENSATION OF THE CITY COUNCIL

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

Denise Maddox	\$ 1,800
Margaret Brown	1,050
Daisy Cole	450
Judy Landry	1,800
Ronda Jacobs	1,800
Mark Peloquin	1,800
	\$ 8,700

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

13. SEWER CUSTOMERS AND RATES

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

	<u>Rate per Month</u>	<u>Number of Customers</u>
Residential:		
Inside city limits	\$22	1,117
Outside city limits	\$26	64
Commercial:		
Small business	\$30	79
Convenience store and banks	\$46	12
Small RV park	\$54	2
Funeral home, bar, and washateria	\$66	6
Restaurants	\$129	9
Grocery stores	\$126	1
Small motel	\$106	1
Medium motel	\$326	1
Elderly housing complex	\$246	2
Nursing home and hospital	\$406	2
Schools	\$406 - 612	4
Small apartment complex (based on no. of units)	\$198-246	3
Large mobile home park	\$564	1
Large apartment complex	\$774	1

Required Supplementary Information

CITY OF DEQUINCY, LOUISIANA
GENERAL FUND

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

For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 259,500	\$ 304,500	\$ 303,730	\$ (770)
Licenses and permits	166,500	181,500	185,131	3,631
Intergovernmental	366,000	578,000	575,284	(2,716)
Charges for services	270,000	270,000	271,720	1,720
Miscellaneous	23,500	213,500	211,090	(2,410)
Interest earned	1,510	6,510	7,004	494
Grants	100,000	623,000	623,758	758
Total revenues	<u>1,187,010</u>	<u>2,177,010</u>	<u>2,177,717</u>	<u>707</u>
EXPENDITURES				
Current:				
General government	924,550	706,550	429,590	276,960
Sanitation	260,000	253,000	252,925	75
Culture and recreation	65,000	35,000	64,841	(29,841)
Capital outlay	-	-	231,504	(231,504)
Debt Service:				
Principal	20,350	20,350	24,237	(3,887)
Interest	-	-	14,017	(14,017)
Total expenditures	<u>1,269,900</u>	<u>1,014,900</u>	<u>1,017,114</u>	<u>(2,214)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(82,890)	1,162,110	1,160,603	(1,507)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	42,000	62,000	20,586	(41,414)
Operating transfers (out)	(857,820)	(1,391,820)	(1,348,138)	43,682
Total other financing sources (uses)	<u>(815,820)</u>	<u>(1,329,820)</u>	<u>(1,327,552)</u>	<u>2,268</u>
NET CHANGES IN FUND BALANCE	<u>(898,710)</u>	<u>(167,710)</u>	<u>(166,949)</u>	<u>761</u>
Beginning fund balance	<u>2,101,311</u>	<u>2,101,311</u>	<u>2,101,311</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 1,202,601</u>	<u>\$ 1,933,601</u>	<u>\$ 1,934,362</u>	<u>\$ 761</u>

See accompanying notes to required supplemental information.

CITY OF DEQUINCY, LOUISIANA
PUBLIC SAFETY SPECIAL REVENUE FUND

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

For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 280,000	\$ 374,000	\$ 374,941	\$ 941
Charges for services	101,000	144,000	106,541	(37,459)
Fines and forfeits	250,000	302,000	301,952	(48)
Miscellaneous	2,000	21,000	58,313	37,313
Interest earned	1,000	1,000	38	(962)
Grants	20,000	171,000	171,659	659
Total revenues	654,000	1,013,000	1,013,444	444
EXPENDITURES				
Current:				
Public safety	1,349,820	1,503,820	1,526,351	(22,531)
Capital outlay	120,000	638,000	638,271	(271)
Total expenditures	1,469,820	2,141,820	2,169,384	(27,564)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	(815,820)	(1,128,820)	(1,155,940)	(27,120)
OTHER FINANCING SOURCES (USES)				
Sales of fixed assets	-	1,800	1,800	-
Operating transfers in	815,820	1,266,820	1,268,342	1,522
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	815,820	1,268,620	1,270,142	1,522
NET CHANGES IN FUND BALANCE				
	-	139,800	114,202	(25,598)
Beginning fund balance	43,621	297,106	297,106	-
ENDING FUND BALANCE	\$ 43,621	\$ 436,906	\$ 411,308	\$ (25,598)

See accompanying notes to required supplemental information.

CITY OF DEQUINCY, LOUISIANA
STREETS SPECIAL REVENUE FUND

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

For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 560,000	\$ 748,000	\$ 746,651	\$ (1,349)
Miscellaneous	1,000	9,000	22,509	13,509
Interest earned	1,500	1,500	1,646	146
Grants	70,000	173,000	160,201	(12,799)
Total revenues	632,500	931,500	931,007	(493)
EXPENDITURES				
Current:				
Highways and streets	850,550	726,000	725,815	185
Capital outlay	150,000	237,000	237,079	(79)
Total expenditures	1,000,550	963,000	962,894	106
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(368,050)	(31,500)	(31,887)	(387)
OTHER FINANCING SOURCES (USES)				
Sales of fixed assets	-	14,000	14,755	755
Operating transfers in	-	35,000	34,121	(879)
Operating transfers (out)	-	(27,000)	(26,565)	435
Total other financing sources (uses)	-	22,000	22,311	311
NET CHANGES IN FUND BALANCE	(368,050)	(9,500)	(9,576)	(76)
Beginning fund balance	1,142,055	1,148,749	1,148,749	-
ENDING FUND BALANCE	\$ 774,005	\$ 1,139,249	\$ 1,139,173	\$ (76)

See accompanying notes to required supplemental information.

CITY OF DEQUINCY
DeQuincy, Louisiana

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

<u>Measurement Date</u>	<u>Employer's Proportion of NPL</u>	<u>Employer's Proportionate Share of NPL</u>	<u>Employer's Covered Payroll</u>	<u>Share of NPL as % of Covered Payroll</u>	<u>Plan % Funded</u>
MERS:					
6/30/2022	0.331140%	1,375,285	667,773	205.95%	67.87%
6/30/2021	0.295322%	821,439	584,786	140.47%	77.82%
6/30/2020	0.276563%	1,195,695	528,602	226.20%	64.52%
6/30/2019	0.254719%	1,064,384	472,619	225.21%	64.68%
6/30/2018	0.249245%	1,032,043	455,188	226.73%	63.94%
6/30/2017	0.258004%	1,079,339	468,554	230.36%	62.49%
6/30/2016	0.269053%	1,102,770	480,623	229.45%	62.11%
6/30/2015	0.272213%	972,387	464,603	209.29%	66.18%
6/30/2014	0.265787%	682,128	447,851	152.31%	74.08%
MPERS:					
6/30/2022	0.130070%	1,329,546	472,518	281.37%	70.80%
6/30/2021	0.136510%	727,673	416,468	174.72%	84.09%
6/30/2020	0.133954%	1,238,047	413,748	299.23%	70.94%
6/30/2019	0.093772%	851,607	296,667	287.06%	71.01%
6/30/2018	0.099676%	842,667	295,187	285.47%	71.89%
6/30/2017	0.094486%	824,903	281,068	293.49%	70.08%
6/30/2016	0.100781%	944,602	262,302	360.12%	66.04%
6/30/2015	0.098160%	768,981	260,504	295.19%	70.73%
6/30/2014	0.093498%	584,931	285,005	205.24%	75.10%

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

See accompanying notes to required supplemental information.

CITY OF DEQUINCY
DeQuincy, Louisiana

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Actual Contributions</u>	<u>Contribution Deficiency</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
MERS:					
6/30/2022	196,993	196,993	-	667,773	29.50%
6/30/2021	172,512	172,512	-	584,786	29.50%
6/30/2020	146,687	146,687	-	528,602	27.75%
6/30/2019	122,881	122,881	-	472,619	26.00%
6/30/2018	112,659	112,659	-	455,188	24.75%
6/30/2017	106,596	106,596	-	468,554	22.75%
6/30/2016	94,923	94,923	-	480,623	19.75%
6/30/2015	91,759	91,759	-	464,603	19.75%
6/30/2014	83,972	83,972	-	447,851	18.75%
MPERS:					
6/30/2022	140,574	140,574	-	472,518	29.75%
6/30/2021	140,558	140,558	-	416,468	33.75%
6/30/2020	134,468	134,468	-	413,748	32.50%
6/30/2019	95,675	95,675	-	296,667	32.25%
6/30/2018	90,770	90,770	-	295,187	30.75%
6/30/2017	89,239	89,239	-	281,068	31.75%
6/30/2016	83,281	83,281	-	262,302	31.75%
6/30/2015	82,710	82,710	-	260,504	31.75%
6/30/2014	90,489	90,489	-	285,005	31.75%

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

See accompanying notes to required supplemental information.

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

1. BUDGETS

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

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

2. PENSIONS

Changes of Benefit Terms. For MERS, there were no changes in benefit terms for the year ended June 30, 2022. For MPERS, there were no changes in benefit terms for the year ended June 30, 2022.

Changes of Assumptions. For MERS, there was no changes to benefit assumptions for the year ended June 30, 2022. For MPERS, there was no changes to benefit assumptions for the year ended June 30, 202.

Other Supplemental Information

CITY OF DEQUINCY, LOUISIANA

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

For the Year Ended September 30, 2022

<u>Purpose</u>	<u>Amount</u>
Mayor Riley Smith	
Salary	\$ 18,000
Benefits-insurance	8,123
Benefits-retirement	5,310
Telephone	786
	<hr/>
	\$ 32,219
	<hr/> <hr/>

Justice System Funding Schedule - Collecting/Disbursing Entity

As Required by Act 87 of the 2020 Regular Legislative Session

Identifying Information		
Entity Name	City of Dequincy	
LLA Entity ID # (This is the ID number assigned to the entity by the Legislative Auditor for identification purposes.)	2168	
Date that reporting period ended (mm/dd/yyyy)	9/30/2022	
	First Six Month Period Ended 3/31/2022	Second Six Month Period Ended 9/30/2022
Cash Basis Presentation		
Beginning Balance of Amounts Collected (i.e. cash on hand)	-	-
Add: Collections		
Civil Fees (including refundable amounts such as garnishments or advance deposits)	-	-
Bond Fees	-	-
Asset Forfeiture/Sale	-	-
Pre-Trial Diversion Program Fees	-	-
Criminal Court Costs/Fees	-	-
Criminal Fines - Contempt	-	-
Criminal Fines - Other	143,030	160,333
Restitution	-	-
Probation/Parole/Supervision Fees	-	-
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	-	-
Interest Earnings on Collected Balances	-	-
Other (do not include collections that fit into more specific categories above)	-	-
Subtotal Collections	143,030	160,333
Less: Disbursements To Governments & Nonprofits: (Must include one agency name and one		
<i>DeQuincy Witness, Criminal Fines - Other</i>	1,461	1,521
<i>LA Supreme Court - Criminal Fines - Other</i>	221	240
<i>TH/SCI - Criminal Fines - Other</i>	1,290	1,405
<i>CMIS - Criminal Fines - Other</i>	1,476	1,471
<i>Crime-Stoppers - Criminal Fines - Other</i>	972	1,076
<i>Public Defenders - Criminal Fines - Other</i>	4,920	5,100
<i>Crime Lab 1 - Criminal Fines - Other</i>	2,000	1,100
<i>Crime Lab 2 - Criminal Fines - Other</i>	320	280
<i>Crime Lab 3 - Criminal Fines - Other</i>	11,970	12,240
<i>Crime Lab 3B - Criminal Fines - Other</i>	330	460
<i>Crime Lab 4 - Criminal Fines - Other</i>	50	-
<i>LA Comm Crime Victims - Criminal Fines - Other</i>	728	855
<i>LA Comm Post Law - Criminal Fines - Other</i>	986	1,022
<i>LA Comm Post Fee - Criminal Fines - Other</i>	20	20
Less: Amounts Retained by Collecting Agency		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	-	-
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	-	-
Amounts "Self-Disbursed" to Collecting Agency (must include a separate line for each collection type, as applicable) - Example: Criminal Fines - Other		
Civil Fees (including refundable amounts such as garnishments or advance deposits)	-	-
Bond Fees	-	-
Asset Forfeiture/Sale	-	-
Pre-Trial Diversion Program Fees	-	-
Criminal Court Costs/Fees	-	-
Criminal Fines - Contempt	-	-
Criminal Fines - Other	116,286	133,543
Restitution	-	-
Probation/Parole/Supervision Fees	-	-
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	-	-
Interest Earnings on Collected Balances	-	-
Other (do not include collections that fit into more specific categories above)	-	-

Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies

Civil Fee Refunds	-	-
Bond Fee Refunds	-	-
Restitution Payments to Individuals (additional detail is not required)	-	-
Other Disbursements to Individuals (additional detail is not required)	-	-
Payments to 3rd Party Collection/Processing Agencies	-	-

Subtotal Disbursements/Retainage 143,030 160,333

Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand) - -

Ending Balance of "Partial Payments" Collected but not Disbursed *(only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained above.* - -

Other Information:

Ending Balance of Total Amounts Assessed but not yet Collected (<i>i.e. receivable balance</i>)	-	-
Total Waivers During the Fiscal Period (<i>i.e. non-cash reduction of receivable balances, such as time served or community service</i>)	-	-

Compliance and Internal Control



Langley, Williams
& Company, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

LESTER LANGLEY, JR.
DANNY L. WILLIAMS
PHILLIP D. ABSHIRE, JR.
DAPHNE BORDELON BERKEN

NICHOLAS J. LANGLEY
PHILLIP D. ABSHIRE, III
SARAH CLARK WERNER
ALEXIS H. O'NEAL
JESSICA LOTT-HANSEN

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

Honorable Mayor and City Council
City of DeQuincy, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of governmental activities, the business-type activities, the major funds, and the aggregate remaining fund information of the City of DeQuincy, Louisiana as of and for the year ended September 30, 2022, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 6, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Honorable Mayor and City Council
City of DeQuincy, Louisiana

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and described in the accompanying schedule of findings and questioned costs (Findings 2022-1(C)).

City of Dequincy Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Langley, Williams & Co., P.C.

DeQuincy, Louisiana
August 6, 2024

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2022

Section I - Summary of Audit Results

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? No

Management Letter

N/A

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana

Current Year Findings with Corrective Action Plan
For the Year Ended September 30, 2022

A. Internal Control:

There were no findings with regards to internal controls.

B. Compliance:

Finding 2022-1(C) – Late filing of audit with the Louisiana Legislative Auditor

Condition: The City did not submit the audited financial statements to the Louisiana Legislative Auditor by the due date.

Criteria: L.R.S. 24:513 provides that the financial statements are to be filed with the Legislative Auditor within six months of the close of the fiscal year.

Cause: Accounting records and other information was not complete in order to begin the audit in a timely manner due to Hurricane Laura and Delta effecting the City.

Effect: According to the Legislative Auditor of the State of Louisiana, failure to comply with the six-month statutory submission of the financial reports is a reportable instance of noncompliance with state law.

Recommendation: We recommend the City establish appropriate controls for ensuring the required reports will be submitted timely in the future.

Views of Responsible Officials and Planned Corrective Actions: Management is aware of the annual filing requirement of the Louisiana Legislative Auditor. The City recognizes that the audit must be completed and submitted to the Louisiana Legislative Auditor within 6 months of the year ending. The City will implement procedures to ensure the federal data collection form is filed timely.

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana

Schedule of Prior Year Findings
For the Year Ended September 30, 2022

A. Internal Control:

There were no findings with regards to internal controls.

B. Compliance:

Finding 2021-1(C) – Compliance with Bid Law

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

Condition: During the course of auditing purchases, it was noted that there were purchases of pieces of equipment over \$10,000 which did not comply with bid law.

Current Status: The City monitor the bid law during the current year and has corrected this finding.

Finding 2021-2(C) – Budget Preparation

Criteria: The City is required to follow the Louisiana Budget Act.

Condition: For the year ended September 30, 2021, the City did not adequately budget for transfers between funds causing transfers to exceed budgeted transfers by more than 5%. State law requires that actual transfers to fall within 5% of budget.

Current Status: The City monitor their budgets during the current year and has corrected this finding.



LESTER LANGLEY, JR.
DANNY L. WILLIAMS
PHILLIP D. ABSHIRE, JR.
DAPHNE BORDELON BERKEN

NICHOLAS J. LANGLEY
PHILLIP D. ABSHIRE, III
SARAH CLARK WERNER
ALEXIS H. O'NEAL
JESSICA LOTT-HANSEN

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

City of Dequincy
Dequincy, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2021, through September 30, 2022. The City of Dequincy ("The City") management is responsible for those C/C areas identified in the SAUPs.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period October 1, 2021 through September 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.\

There were no exceptions noted as a result of applying this procedure.

b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

There were no exceptions as a result of applying this procedure.

c) **Disbursements**, including processing, reviewing, and approving.

There were no exceptions as a result of applying this procedure.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

There were no exceptions as a result of applying this procedure.

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

There were no exceptions as a result of applying this procedure.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

There were no exceptions as a result of applying this procedure.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

There were no exceptions as a result of applying this procedure.

- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

There were no exceptions as a result of applying this procedure.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

There were no exceptions as a result of applying this procedure.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/Electronic Municipal Market Access ("EMMA") reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

There were no exceptions as a result of applying this procedure.

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Exception: The City has a information technology disaster recovery/business continuity policy but it is missing items #3,5, and 6 above.

Management's response: Management is in the process of updating their policies and procedures to address the above exception.

- l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

There were no exceptions as a result of applying this procedure.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

There were no exceptions as a result of applying this procedure.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue fund. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

There were no exceptions as a result of applying this procedure.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

There were no exceptions as a result of applying this procedure.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

We obtained a list of bank accounts from management and management's representation that the list was complete.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

Exception: Bank Reconciliation's were not prepared within 2 months.

Management's response: Management will make sure that all bank statements are reconciled within two months going forward.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

There were no exceptions noted as a result of applying this procedure.

- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

There were no exceptions noted as a result of applying this procedure.

Collections (excluding electronic funds transfers)

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Obtained a listing of all deposit sites for the fiscal period and management's representation that the listing is complete.

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees responsible for cash collections do not share cash drawers/registers.

There were no exceptions noted as a result of applying this procedure.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

There were no exceptions noted as a result of applying this procedure.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

There were no exceptions noted as a result of applying this procedure.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

There were no exceptions noted as a result of applying this procedure.

- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

There were no exceptions noted as a result of applying this procedure.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
There were no exceptions noted as a result of applying this procedure.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
There were no exceptions noted as a result of applying this procedure.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
There were no exceptions noted as a result of applying this procedure.
 - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
There were no exceptions noted as a result of applying this procedure.
 - e) Trace the actual deposit per the bank statement to the general ledger.
There were no exceptions noted as a result of applying this procedure.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
Per discussion with management, there is one location that process payments.
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
There were no exceptions noted as a result of applying this procedure.
 - b) At least two employees are involved in processing and approving payments to vendors.
There were no exceptions noted as a result of applying this procedure.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
There were no exceptions noted as a result of applying this procedure.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Exception: The accounts payable clerk, who is responsible for processing payments, mails out the checks from time to time.

Management response: The City has a small accounting department and the accounts payable clerk has to do mailings from time to time. Management will try to segregate this function as much as possible.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

There were no exceptions noted as a result of applying this procedure.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

There were no exceptions noted as a result of applying this procedure.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Obtained a listing of all active credit cards and management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

There were no exceptions noted as a result of applying this procedure.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

There were no exceptions noted as a result of applying this procedure.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

There were no exceptions noted as a result of applying this procedure.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Obtained a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing is complete.

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

There were no exceptions noted as a result of applying this procedure.

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

There were no exceptions noted as a result of applying this procedure.

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

There were no exceptions noted as a result of applying this procedure.

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Exceptions: Two reimbursements that were selected for testing were approved by the same person that the reimbursement was made out to.

Management response: Management will make sure that all reimbursement request going forward is approved by either the mayor or clerk and if the reimbursement is for either of them the other responsible person will approve request.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

We obtained a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities from management and management's representation that the listing is complete.

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

None of the selected contracts were subject to bid law; therefore, this procedure is not applicable.

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

There were no exceptions noted as a result of applying this procedure.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

There were no amendments during the fiscal period; therefore, this procedure is not applicable.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

There were no exceptions noted as a result of applying this procedure.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

We obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

There were no exceptions noted as a result of applying this procedure.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

There were no exceptions noted as a result of applying this procedure.

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

There were no exceptions noted as a result of applying this procedure.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

There were no exceptions noted as a result of applying this procedure.

- 18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

There were no exceptions noted as a result of applying the above procedure.

- 19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

There were no exceptions noted as a result of applying the above procedure.

Ethics

- 20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

There were no exceptions noted as a result of applying this procedure.

- b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

There were no exceptions noted as a result of applying this procedure.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

No debt was issued during the fiscal period. Therefore, this procedure is not applicable.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

There were no exceptions noted as a result of applying this procedure.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the entity did not have any misappropriations of public funds or assets.

24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

There were no exceptions noted as a result of applying this procedure

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

There were no exceptions noted as a result of applying this procedure.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

There were no exceptions noted as a result of applying this procedure.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;

There were no exceptions noted as a result of applying this procedure.

- b) Number of sexual harassment complaints received by the agency;

There were no exceptions noted as a result of applying this procedure.

- c) Number of complaints which resulted in a finding that sexual harassment occurred;

There were no exceptions noted as a result of applying this procedure.

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

There were no exceptions noted as a result of applying this procedure.

- e) Amount of time it took to resolve each complaint.

There were no exceptions noted as a result of applying this procedure.

We were engaged by the City of Dequincy to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City of Dequincy to and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Joseph A. Williams, Co., P.C.

Lake Charles, LA
August 6, 2024