

CITY OF DEQUINCY, LOUISIANA

Financial Report

For the Year Ended September 30, 2021



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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of DeQuincy, Louisiana

Opinions

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, 2021, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, 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, 2021, and the respective changes in financial position, and thereof 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. 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's 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 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 's 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 's 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

Accounting principles generally accepted in the United States of America require that budgetary comparison information be presented to supplement the basic financial statements. Such information 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.

The City 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, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of DeQuincy's basic financial statements. The schedule of compensation, benefits and other payments to agency head, the justice system funding schedule – receiving entity, the justice system funding schedule – collecting/disbursing entity and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 schedule of compensation, benefits and other payments to agency head, the justice system funding schedule – receiving entity, the justice system funding schedule – collecting/disbursing entity and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated December 29, 2022, on our consideration of the City of DeQuincy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City of DeQuincy's 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's internal control over financial reporting and compliance.

Joseph Williams, CPA, #88

Lake Charles, LA
December 29, 2022

CITY OF DEQUINCY, LOUISIANA

STATEMENT OF NET POSITION

September 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,320,161	\$ 1,995,308	\$ 5,315,469
Investments	467,508	1,130,976	1,598,484
Accounts receivable, net of allowance for doubtful accounts	3,525,575	528,717	4,054,292
Due (to)/from other funds	(918,986)	918,986	-
Restricted cash	84,927	362,131	447,058
Restricted investments	-	198,588	198,588
Other assets	50,304	93,403	143,707
Capital assets, net	4,503,585	6,899,703	11,403,288
Total assets	11,033,074	12,127,812	23,160,886
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	342,460	112,573	455,033
Total deferred outflow of resources	342,460	112,573	455,033
Total assets and deferred outflow of resources	\$ 11,375,534	\$ 12,240,385	\$ 23,615,919
LIABILITIES			
Accounts payable and accrued liabilities	\$ 2,982,322	\$ 294,885	\$ 3,277,207
Customer deposits	-	109,731	109,731
Lease payable	26,818	-	26,818
Bonds payable	23,039	103,742	126,781
Long-term liabilities:			
Compensated absences	67,359	42,829	110,188
Net pension liability	954,787	594,323	1,549,110
Bonds payable	326,817	1,781,277	2,108,094
Total liabilities	4,381,142	2,926,787	7,307,929
DEFERRED INFLOWS OF RESOURCES			
Pension related	462,173	175,633	637,806
Total deferred inflow of resources	462,173	175,633	637,806
NET POSITION			
Invested in capital assets, net of related debt	4,503,585	5,118,426	9,622,011
Restricted for public safety	297,106	-	297,106
Restricted for street maintenance	1,148,749	-	1,148,749
Restricted for debt service	84,927	351,154	436,081
Unrestricted	497,852	3,668,385	4,166,237
Total net position	6,532,219	9,137,965	15,670,184
Total liabilities, deferred inflows of resources and net position	\$ 11,375,534	\$ 12,240,385	\$ 23,615,919

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, 2021

Activities	Expenses	Net (Expense) Revenues and Changes in Net Assets			
		Program Revenues Charges for Services	Governmental Activities	Primary Government Business-type Activities	Total
Governmental activities:					
General government	\$ 2,813,027	\$ -	\$ (2,813,027)	\$ -	\$ (2,813,027)
Public safety	1,475,298	113,673	(1,361,625)	-	(1,361,625)
Sanitation	267,746	266,947	(799)	-	(799)
Highways and streets	640,889	-	(640,889)	-	(640,889)
Culture and recreation	20,463	-	(20,463)	-	(20,463)
Interest on long-term debt	16,228	-	(16,228)	-	(16,228)
Total governmental activities	<u>5,233,651</u>	<u>380,620</u>	<u>(4,853,031)</u>	<u>-</u>	<u>(4,853,031)</u>
Business-type activities:					
Gas	524,458	705,231	-	180,773	180,773
Sewer	1,202,604	397,621	-	(804,983)	(804,983)
Airpark	631,032	61,254	-	(569,778)	(569,778)
Total business-type activities	<u>2,358,094</u>	<u>1,164,106</u>	<u>-</u>	<u>(1,193,988)</u>	<u>(1,193,988)</u>
Total primary government	<u>7,591,745</u>	<u>1,544,726</u>	<u>(4,853,031)</u>	<u>(1,193,988)</u>	<u>(6,047,019)</u>
General revenues:					
Taxes			1,419,175	1,027,642	2,446,817
Licenses and permits			189,561	-	189,561
Intergovernmental			490,798	-	490,798
Fines and forfeitures			176,770	-	176,770
Grants and contributions not restricted to specific programs			2,914,806	664,988	3,579,794
Investment earnings			9,051	3,792	12,843
Other			235,334	173,038	408,372
Special items:					
Gain on disposal of capital assets			901	-	901
Transfers			6,997	(6,997)	-
Total general revenues and transfers			<u>5,443,393</u>	<u>1,862,463</u>	<u>7,305,856</u>
Change in net position			590,362	668,475	1,258,837
Beginning net position			<u>5,941,857</u>	<u>8,469,490</u>	<u>14,411,347</u>
Ending net position			<u>\$ 6,532,219</u>	<u>\$ 9,137,965</u>	<u>\$ 15,670,184</u>

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

CITY OF DEQUINCY, LOUISIANA

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2021

	General	Public Safety Special Revenue	Streets Special Revenue	Total
ASSETS				
Cash and cash equivalents	\$ 2,416,351	\$ 86,033	\$ 817,777	\$ 3,320,161
Investments	114,863	88,712	263,933	467,508
Accounts receivable, net of allowance for doubtful accounts	2,845,107	263,218	417,250	3,525,575
Due from other funds	178,427	58,009	-	236,436
Restricted cash	84,927	-	-	84,927
Other assets	3,145	40,312	6,847	50,304
Total assets	\$ 5,642,820	\$ 536,284	\$ 1,505,807	\$ 7,684,911
LIABILITIES				
Accounts payable and accrued liabilities	\$ 2,673,606	\$ 130,082	\$ 178,634	\$ 2,982,322
Due to other funds	867,903	109,096	178,424	1,155,423
Total liabilities	3,541,509	239,178	357,058	4,137,745
FUND BALANCES				
Restricted for public safety	-	297,106	-	297,106
Restricted for street maintenance	-	-	1,148,749	1,148,749
Restricted for debt service	84,927	-	-	84,927
Unassigned	2,016,384	-	-	2,016,384
Total liabilities and fund balances	\$ 5,642,820	\$ 536,284	\$ 1,505,807	\$ 7,684,911

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, 2021

Total fund balances for governmental funds at end of year		\$	3,547,166
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			342,460
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	302,995		
Capital assets, net of accumulated depreciation	<u>4,200,590</u>		4,503,585
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	(349,855)		
Lease payable	(26,818)		
Net pension liability	(954,787)		
Compensated absences payable	(67,359)		
Deferred inflows - pension related	<u>(462,173)</u>		(1,860,992)
Total net position of governmental activities at end of year		\$	<u><u>6,532,219</u></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, 2021

	General	Public Safety Special Revenue	Streets Special Revenue	Total Governmental Funds
REVENUES				
Taxes	\$ 257,462	\$ 388,821	\$ 772,892	\$ 1,419,175
Licenses and permits	189,561	-	-	189,561
Intergovernmental	490,798	-	-	490,798
Charges for services	266,947	113,673	-	380,620
Fines and forfeitures	-	176,770	-	176,770
Miscellaneous	186,375	27,994	20,965	235,334
Interest earned	2,257	431	6,363	9,051
Grants	2,327,552	253,484	333,770	2,914,806
Total revenues	<u>3,720,952</u>	<u>961,173</u>	<u>1,133,990</u>	<u>5,816,115</u>
EXPENDITURES				
Current:				
General government	2,706,483	-	-	2,706,483
Public safety	-	1,458,108	-	1,458,108
Sanitation	267,746	-	-	267,746
Highways and streets	-	-	550,610	550,610
Culture and recreation	20,463	-	-	20,463
Capital outlay	3,950	89,197	273,002	366,149
Debt Service:				
Principal	22,026	-	-	22,026
Interest	16,228	-	-	16,228
Total expenditures	<u>3,036,896</u>	<u>1,547,305</u>	<u>823,612</u>	<u>5,407,813</u>
Excess (deficiency) of revenues over (under) expenditures	684,056	(586,132)	310,378	408,302
OTHER FINANCING SOURCES (USES)				
Sales of fixed assets	-	901	-	901
Operating transfers in	10,952	778,004	959	789,915
Operating transfers (out)	(779,171)	(484)	(3,263)	(782,918)
Total other financing sources (uses)	<u>(768,219)</u>	<u>778,421</u>	<u>(2,304)</u>	<u>7,898</u>
NET CHANGES IN FUND BALANCES	(84,163)	192,289	308,074	416,200
Beginning fund balances	<u>2,185,474</u>	<u>104,817</u>	<u>840,675</u>	<u>3,130,966</u>
ENDING FUND BALANCES	<u>\$ 2,101,311</u>	<u>\$ 297,106</u>	<u>\$ 1,148,749</u>	<u>\$ 3,547,166</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, 2021

Total net changes in fund balances for the year per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 416,200
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The change in net assets reported for governmental activities in the
Statement of Activities is different because:

Certain receivables recorded in the government-wide financial statements
are not reflected in the funds as they are too late to be considered available.

Non-employer contributions to cost-sharing pension plan

Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	366,149	
Depreciation expense for the year	<u>(381,916)</u>	(15,767)

Bond and other debt proceeds provide current financial resources to
governmental funds, but issuing debt increases long-term liabilities in the
Statement of Net Position. Repayment of principal on long-term liabilities
is an expenditure in governmental funds, but is a reduction of long-term
liabilities in the Statement of Position

Principal payments	22,026
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In the Statement of Activities, certain operating expenses are measured by
the amounts incurred during the year. In the governmental funds, however,
expenditures for these items are measured by the financial resources used
(essentially the amounts actually paid). The difference between the
amounts incurred and the amounts actually paid:

Pension expense	114,108	
Employer contribution subsequent of measurement date	46,240	
Change in compensated absences	<u>7,555</u>	<u>167,903</u>

Total changes in net position for the year per Statement of Activities	<u>\$ 590,362</u>
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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, 2021

	Gas Utility Revenue Fund	Sewer Utility Revenue Fund	Industrial Airpark Fund	Total
ASSETS				
Cash and cash equivalents	\$ 369,346	\$ 1,382,120	\$ 243,842	\$ 1,995,308
Investments	212,516	193,873	724,587	1,130,976
Accounts receivable, net of allowance for doubtful accounts	63,732	123,794	341,191	528,717
Due from other funds	-	1,103,202	151,941	1,255,143
Restricted cash	10,977	351,154	-	362,131
Restricted investments	198,588	-	-	198,588
Other assets	67,893	7,004	18,506	93,403
Total current assets	923,052	3,161,147	1,480,067	5,564,266
Property, plant and equipment, net of accumulated depreciation	54,664	3,441,304	3,403,735	6,899,703
Total assets	977,716	6,602,451	4,883,802	12,463,969
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	17,853	94,720	-	112,573
Total deferred outflow of resources	17,853	94,720	-	112,573
Total assets and deferred outflow of resources	\$ 995,569	\$ 6,697,171	\$ 4,883,802	\$ 12,576,542
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 34,935	\$ 134,251	\$ 125,699	\$ 294,885
Customer deposits	109,731	-	-	109,731
Bonds payable	-	103,742	-	103,742
Due to other funds	331,157	-	5,000	336,157
Total current liabilities	475,823	237,993	130,699	844,515
Long-term liabilities:				
Compensated absences	15,295	27,534	-	42,829
Net pension liability	94,256	500,067	-	594,323
Bonds payable	-	1,781,277	-	1,781,277
Total liabilities	585,374	2,546,871	130,699	3,262,944
DEFERRED INFLOWS OF RESOURCES				
Pension related	27,854	147,779	-	175,633
Total deferred inflow of resources	27,854	147,779	-	175,633
NET POSITION				
Invested in capital assets, net of related debt	54,664	1,660,027	3,403,735	5,118,426
Restricted for debt service	-	351,154	-	351,154
Unrestricted	327,677	1,991,340	1,349,368	3,668,385
Total net position	382,341	4,002,521	4,753,103	9,137,965
Total liabilities, deferred inflows of resources and net position	\$ 995,569	\$ 6,697,171	\$ 4,883,802	\$ 12,576,542

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, 2021

	Gas Utility Revenue Fund	Sewer Utility Revenue Fund	Industrial Airpark Fund	Total
OPERATING REVENUES:				
Charges for services	\$ 705,231	\$ 397,621	\$ 50,428	\$ 1,153,280
Rent	-	-	10,826	10,826
Total operating revenue	705,231	397,621	61,254	1,164,106
OPERATING EXPENSES:				
Personal services	77,022	730,802	38,448	846,272
Natural gas purchased	285,521	-	-	285,521
Materials and supplies	17,529	18,276	49,314	85,119
Utilities	2,882	58,136	11,037	72,055
Depreciation	11,125	202,132	362,548	575,805
Bad debts	12,534	-	-	12,534
Other services and charges	117,845	121,402	169,685	408,932
Total operating expenses	524,458	1,130,748	631,032	2,286,238
Operating income (loss)	180,773	(733,127)	(569,778)	(1,122,132)
Non-operating revenues (expenses):				
Miscellaneous revenues	-	172,855	183	173,038
Grant proceeds	2,974	69,630	592,384	664,988
Taxes	-	777,642	250,000	1,027,642
Earnings on investments	(520)	2,186	2,126	3,792
Interest and fiscal charges	-	(71,856)	-	(71,856)
Total nonoperating revenues (expenses)	2,454	950,457	844,693	1,797,604
Income before operating transfers	183,227	217,330	274,915	675,472
Transfers from (to) other funds	(5,987)	1,001	(2,011)	(6,997)
Net income	177,240	218,331	272,904	668,475
Beginning net position	205,101	3,784,190	4,480,199	8,469,490
Ending net position	\$ 382,341	\$ 4,002,521	\$ 4,753,103	\$ 9,137,965

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, 2021

	Gas Utility Revenue Fund	Sewer Utility Revenue Fund	Industrial Airpark Fund	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 746,994	\$ 332,338	\$ 61,254	\$ 1,140,586
Payments to suppliers	(486,611)	(335,380)	(225,816)	(1,047,807)
Payments to/on behalf of employees	(118,952)	(692,475)	-	(811,427)
Net cash provided (used) by operating activities	141,431	(695,517)	(164,562)	(718,648)
Cash flows from noncapital financing activities:				
Miscellaneous revenues and grants	-	172,855	(282,101)	(109,246)
Taxes received	-	777,642	250,000	1,027,642
Grants received	2,974	69,630	592,384	664,988
Operating transfers in (out)	(5,987)	1,001	(2,011)	(6,997)
Increase in customer deposits	1,679	-	-	1,679
Advances from (to) other funds	(120,663)	(546,777)	(93,930)	(761,370)
Net cash provided (used) by noncapital financing activities	(121,997)	474,351	464,342	816,696
Cash flows from investing activities:				
Interest income	(520)	2,186	2,126	3,792
Change in investments	6,434	(710)	7,422	13,146
Net cash provided by investing activities	5,914	1,476	9,548	16,938
Cash flows from capital and related financing activities:				
Capital expenditures for plant and equipment	-	(610,859)	(548,873)	(1,159,732)
Proceeds from sales of assets	-	-	901	901
Principal payments on notes and revenue bonds	-	(27,030)	-	(27,030)
Interest paid	-	(71,856)	-	(71,856)
Net cash used by capital and related financing activities	-	(709,745)	(547,972)	(1,257,717)
Net change in cash	25,348	(929,435)	(238,644)	(1,142,731)
Cash and cash equivalents-beginning of year	354,975	2,662,709	482,486	3,500,170
Cash and cash equivalents-end of year	<u>\$ 380,323</u>	<u>\$ 1,733,274</u>	<u>\$ 243,842</u>	<u>\$ 2,357,439</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, 2021

	<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)	\$ 180,773	\$ (733,127)	\$ (569,778)	\$ (1,122,132)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	11,125	202,132	362,548	575,805
Change in operating assets and liabilities:				
Account receivable	41,763	(65,283)	-	(23,520)
Other assets	(41,090)	(150)	(4,267)	(45,507)
Accounts payable and other accrued expenses	(8,898)	(147,806)	46,935	(109,769)
Net pension liability and related deferrals	<u>(42,242)</u>	<u>48,717</u>	<u>-</u>	<u>6,475</u>
Total adjustments	<u>(39,342)</u>	<u>37,610</u>	<u>405,216</u>	<u>403,484</u>
Net cash provided by (used in) operating activities	<u>141,431</u>	<u>(695,517)</u>	<u>(164,562)</u>	<u>(718,648)</u>
Supplemental Disclosure:				
Cash paid for interest	<u>\$ -</u>	<u>\$ 71,856</u>	<u>\$ -</u>	<u>\$ 71,856</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, 2021.

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, 2021, employees of the City have accumulated approximately \$110,188 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 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.

2. DEPOSITS AND INVESTMENTS

Under Louisiana Revised Statutes 39:2955, the City may deposit funds in demand deposit accounts, interest bearing demand deposit accounts, money market accounts, and time certificates of deposits with state banks, organized under Louisiana law and national banks, having principal offices in Louisiana. Additionally, Louisiana statutes allow the City to invest in United States Treasury obligations, obligations issued or guaranteed by United States government or federal agencies, and mutual or trust funds registered with the Securities and Exchange Commission which has underlying investments consisting solely of and limited to the United States government or its agencies. At September 30, 2021, the City had cash and cash equivalents (book balances) totaling \$5,762,528 all of which were in demand deposit accounts.

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

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

2. DEPOSITS AND INVESTMENTS – (Continued)

The City periodically invests in the Louisiana Asset Management Pool, Inc., a local government investment pool (see Summary of Significant Accounting Policies). In accordance with GASB codification Section 150.165 investments in LAMP are not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPAs. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted-average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The City's balance with LAMP at September 30, 2021 is \$931,221.

At September 30, 2021, the City had the following investments:

	Unrestricted	Restricted
Certificates of deposit	\$ 1,318,269	\$ -
U.S. agency securities	280,215	198,588
	\$ 1,598,484	\$ 198,588

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

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

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned. At September 30, 2021, the City had \$7,386,954 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 \$849,085 of federal deposit insurance. \$3,566,000 in letters of credit and \$3,241,331 of pledged securities held by the custodial bank in the name of the fiscal agent bank. However, since the custodial bank acknowledges that the securities are pledged to the City of DeQuincy, all deposits are considered to be collateralized. Additionally, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent bank has failed to pay deposited funds upon demand.

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

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

3. RECEIVABLES

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

	General	Public Safety Special Revenue	Street Special Revenue	Gas Utility	Sewer	Airpark	Total
Receivables:							
Utilities	\$ 94,338	\$ -	\$ -	\$ 121,224	\$ 173,942	\$ -	\$ 389,504
Other	2,802,031	263,218	417,250	-	-	341,191	3,823,690
Less: allowance for doubtful accounts	(51,262)	-	-	(57,492)	(50,148)	-	(158,902)
Net of allowance	<u>\$ 2,845,107</u>	<u>\$ 263,218</u>	<u>\$ 417,250</u>	<u>\$ 63,732</u>	<u>\$ 123,794</u>	<u>\$ 341,191</u>	<u>\$ 4,054,292</u>

4. AD VALOREM TAXES

For 2020, taxes of 5.63 mills were levied on property with assessed valuation of approximately \$17,118,000 and were dedicated for general purposes. Total ad valorem taxes collected during the year totaled \$102,386. Property taxes attach as an enforceable lien on property as of April 30. Taxes are levied on November 1.

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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, 2021:

	Balance, Beginning of Year	Additions	Deletions	Transfers	Balance, End of Year
<u>Governmental Activities</u>					
Capital assets, not being depreciated:					
Construction in progress	\$ 25,621	\$ 273,002	\$ -	\$ (108,528)	\$ 190,095
Property held for future use or sale	92,900	-	-	-	92,900
Land	20,000	-	-	-	20,000
Total capital assets, not being depreciated	138,521	273,002	-	(108,528)	302,995
Capital assets, being depreciated:					
Buildings	2,344,660	-	-	-	2,344,660
Improvements other than buildings	1,688,377	11,450	(2,315)	-	1,697,512
Autos and trucks	1,286,357	50,811	(53,489)	-	1,283,679
Machinery and equipment	1,085,631	30,886	(1,078)	-	1,115,439
Infrastructure	3,063,410	-	-	108,528	3,171,938
Total capital assets, being depreciated	9,468,435	93,147	(56,882)	108,528	9,613,228
Less accumulated depreciation for:					
Buildings	1,310,653	51,424	-	-	1,362,077
Improvements other than buildings	1,155,520	68,336	(2,580)	-	1,221,276
Autos and trucks	1,058,277	78,087	(53,489)	-	1,082,875
Machinery and equipment	701,797	105,379	(1,033)	-	806,143
Infrastructure	861,577	78,690	-	-	940,267
Total accumulated depreciation	5,087,824	381,916	(57,102)	-	5,412,638
Total capital assets, being depreciated, net	4,380,611	(288,769)	220	108,528	4,200,590
Governmental activities capital assets, net	\$ 4,519,132	\$ (15,767)	\$ 220	\$ -	\$ 4,503,585

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	1,295,278	1,060,976	-	(850,399)	1,505,855
Total capital assets, not being depreciated	<u>1,459,661</u>	<u>1,060,976</u>	<u>-</u>	<u>(850,399)</u>	<u>1,670,238</u>
Capital assets, being depreciated:					
Buildings	153,014	-	-	-	153,014
Improvements other than buildings	6,985,963	30,222	(11,225)	850,399	7,855,359
Gas distribution system	689,603	-	-	-	689,603
Sewer system	5,740,580	5,335	-	-	5,745,915
Autos and trucks	36,904	35,291	-	-	72,195
Machinery and equipment	260,563	27,006	-	-	287,569
Total capital assets, being depreciated	<u>13,866,627</u>	<u>97,854</u>	<u>(11,225)</u>	<u>850,399</u>	<u>14,803,655</u>
Less accumulated depreciation for:					
Buildings	56,400	8,955	-	-	65,355
Improvements other than buildings	4,852,975	346,958	(11,225)	-	5,188,708
Gas distribution system	641,353	9,711	-	-	651,064
Sewer system	3,191,040	196,194	-	-	3,387,234
Autos and trucks	36,904	588	-	-	37,492
Machinery and equipment	230,939	13,399	-	-	244,338
Total accumulated depreciation	<u>9,009,611</u>	<u>575,805</u>	<u>(11,225)</u>	<u>-</u>	<u>9,574,191</u>
Total capital assets, being depreciated, net	<u>4,857,016</u>	<u>(477,951)</u>	<u>-</u>	<u>850,399</u>	<u>5,229,464</u>
Business-type activities capital assets, net	<u>\$ 6,316,677</u>	<u>\$ 583,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,899,702</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 105,323
Public safety	153,407
Highways and streets	123,186
Total depreciation expense - governmental activities	<u>\$ 381,916</u>
Business-type activities:	
Gas	\$ 11,125
Sewer	202,132
Airpark	362,548
Total depreciation expense - business-type activities	<u>\$ 575,805</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	\$ 371,882	\$ -	\$ (22,026)	\$ 349,856	\$ 23,039
Lease payable	53,636	-	(26,818)	26,818	26,818
Compensated absences	74,913	15,721	(23,275)	67,359	-
Net pension liability	1,715,716	203,225	(964,154)	954,787	-
	<u>2,216,147</u>	<u>218,946</u>	<u>(1,036,273)</u>	<u>1,398,820</u>	<u>49,857</u>
Business-type activities:					
Sewer bonds	1,985,091	-	(100,072)	1,885,019	103,742
Compensated absences	52,907	5,212	(15,290)	42,829	-
Net pension liability	718,026	127,367	(251,070)	594,323	-
	<u>2,756,024</u>	<u>132,579</u>	<u>(366,432)</u>	<u>2,522,171</u>	<u>103,742</u>
	<u>\$ 4,972,171</u>	<u>\$ 351,525</u>	<u>\$ (1,402,705)</u>	<u>\$ 3,920,991</u>	<u>\$ 153,599</u>

Bonds and notes payable at September 30, 2021, 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. \$ 349,856

\$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. 1,073,000

\$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. 582,533

\$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. 229,486

\$ 2,234,875

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 \$66,304 and \$18,623, respectively, and the reserve and contingency fund amounts for the sewer system bonds was \$93,654 and \$116,095, respectively, at September 30, 2021. 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 \$33,289 at September 30, 2021.

The annual requirements to amortize all bonds and notes outstanding as of September 30, 2021, are as follows:

Year ending <u>September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 23,039	\$ 15,215	\$ 103,742	\$ 69,019
2023	24,098	14,156	107,476	65,465
2024	25,205	13,049	112,289	61,779
2025	26,363	11,891	116,186	57,923
2026	27,574	10,680	121,170	53,909
2027-2031	158,076	33,196	679,949	202,581
2032-2036	65,501	2,681	600,382	64,647
2037-2040	-	-	43,825	2,517
	<u>\$ 349,856</u>	<u>\$ 100,868</u>	<u>\$ 1,885,019</u>	<u>\$ 577,840</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 (2021 collections \$772,892) 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 (2021 collections \$777,642) 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 (2021 collections \$388,821) 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
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Notes to the Financial Statements

8. INDIVIDUAL FUND INTERFUND RECEIVABLE AND PAYABLE BALANCES

At September 30, 2021, amounts due to/from the various funds were:

<u>Creditor Fund</u>	<u>Debtor Fund</u>	<u>Amount</u>
General Fund	Sales Tax Fund	\$ 31,439
General Fund	Public Safety Fund	109,096
General Fund	Gas Fund	37,892
Public Safety Fund	Sales Tax Fund	58,009
Sewer Fund	Gas Fund	293,265
Sewer Fund	General Fund	759,640
Sewer Fund	Sales Tax Fund	45,297
Airpark Fund	Sales Tax Fund	43,679
Airpark Fund	General Fund	108,263
		<u>\$ 1,486,580</u>

The following is a summary of interfund transfers for the year ended September 30, 2021:

<u>Paying Fund</u>	<u>Receiving Fund</u>	<u>Amount</u>
General Fund	Public Safety Fund	\$ 778,004
General Fund	Sales Tax Fund	959
General Fund	Sewer Utility Fund	209
Public Safety Fund	General Fund	484
Sales Tax Fund	Airpark Fund	2,471
Sales Tax Fund	Sewer Utility Fund	792
Gas Utility Fund	General Fund	7,147
Airpark Fund	General Fund	3,321
Airpark Fund	Gas Utility Fund	1,161
		<u>\$ 794,548</u>

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

9. GAS UTILITY REVENUE FUND

At September 30, 2021, there were approximately 1,279 customers being served by the gas distribution system. The total amount of gas billed during the year was \$682,135, resulting in an average monthly bill of \$44.44 per customer. The gas rates being charged by the City at September 30, 2021, 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

CITY OF DEQUINCY, LOUISIANA
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10. RETIREMENT PLANS

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

Municipal Employees Retirement System

Plan Description

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

Benefits Provided

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

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

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

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

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

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

CITY OF DEQUINCY, LOUISIANA
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Notes to the Financial Statements

10. RETIREMENT PLANS – (Continued)

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

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

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

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

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

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

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

10. RETIREMENT PLANS – (Continued)

Contributions

Contribution rates for member employees was set at 10.0% as of September 30, 2021.

According to state statute, contribution requirements for all employers are actuarially determined each year. At June 30, 2021, the actual employer contribution rate was 29.50% for Plan A. At June 30, 2021, 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, 2021, 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 \$172,512 for the year ended June 30, 2021.

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

At September 30, 2021, the City reported a liability of \$821,439 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021, 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, 2021, the City's proportion was 0.295322%, which was an increase of 0.040603 percentage points from its proportion measured as of June 30, 2020.

For the year ended September 30, 2021, the City recognized pension expense of \$188,716.

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

At September 30, 2021, 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	\$ 82	\$ (2,598)	\$ 214	\$ (6,795)
Changes of assumptions	8,300	-	21,720	-
Net difference between projected and actual earnings on pension plan investments	-	(63,990)	-	(167,452)
Change in proportion and differences between employer contributions and proportionate share of contributions	20,854	(529)	54,573	(1,386)
Employer contributions subsequent to the measurement date	13,783	-	36,066	-
Total	\$ 43,019	\$ (67,117)	\$ 112,573	\$ (175,633)

Deferred outflows of resources of \$49,850 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MERS will be recognized in pension expense as follows:

Year Ended <u>September 30,</u>	
2022	\$ 69,742
2023	(18,890)
2024	(59,667)
2025	(78,343)
	\$ (87,158)

CITY OF DEQUINCY, LOUISIANA
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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 MERS as of June 30, 2020 are as follows:

Valuation date	June 30, 2021
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.

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.

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10. RETIREMENT PLANS – (Continued)

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, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate of Return
Public equity	53%	2.31%
Public fixed income	38%	1.65%
Alternatives	9%	0.39%
Totals	100%	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.

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 6.55%, 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, 2021:

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10. RETIREMENT PLANS – (Continued)

	One Percentage Point Decrease 5.850%	Current Discount Rate 6.850%	One Percentage Point Increase 7.850%
Net Pension Liability	\$ 1,216,593	\$ 821,439	\$ 487,677

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.

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

CITY OF DEQUINCY, LOUISIANA
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Notes to the Financial Statements

10. RETIREMENT PLANS – (Continued)

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. 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.

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

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.

For the year ended June 30, 2021, total contributions due for employers and employees were 43.75%. The employer and employee contribution rates for all members hired prior to January 1, 2013, and Hazardous Duty members hired after January 1, 2013, were 33.75% and 10.0%, respectively.

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Notes to the Financial Statements

10. RETIREMENT PLANS – (Continued)

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, 2021, and excluded from pension expense.

The City's contractually-required contribution rate for the year ended June 30, 2021, was 33.75% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

Contributions to the pension plan from the City were \$140 558 for the year ended June 30, 2021.

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

At September 30, 2021, the City reported a liability of \$727,673 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021, 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, 2021, the City's proportion was 0.136510%, which was an increase of .042738 percentage points from its proportion measured as of June 30, 2020.

For the year ended September 30, 2021, the City recognized pension expense of (\$8,094).

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

10. RETIREMENT PLANS – (Continued)

At September 30, 2021, 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	\$ -	\$ (22,410)
Changes of assumptions	80,586	(20,757)
Net difference between projected and actual earnings on pension plan investments	-	(339,766)
Change in proportion and differences between employer contributions and proportionate share of contributions	186,398	(12,123)
Employer contributions subsequent to the measurement date	32,457	-
Total	\$ 299,441	\$ (395,056)

Deferred outflows of resources of \$32,457 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, 2021. 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>	
2022	\$ 55,362
2023	24,107
2024	(58,027)
2025	(117,057)
	\$ (95,615)

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, 2021 are as follows:

Valuation date	June 30, 2021
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 employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used. For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

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

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

10. RETIREMENT PLANS – (Continued)

The 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, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate of Return
Equity	56%	3.47%
Fixed Income	31%	0.59%
Alternatives	14%	1.02%
Totals	100%	5.08%
Inflation		2.22%
Expected Arithmetic Nominal Return		7.30%

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.

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, 2021:

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

10. RETIREMENT PLANS – (Continued)

	One Percentage Point Decrease 5.750%	Current Discount Rate 6.750%	One Percentage Point Increase 7.750%
Net Pension Liability	\$ 1,268,219	\$ 727,673	\$ 276,499

Pension Plan Fiduciary Net Position

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

11. RISK MANAGEMENT

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

12. COMPENSATION OF THE CITY COUNCIL

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

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

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

13. SEWER CUSTOMERS AND RATES

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

	<u>Rate per Month</u>	<u>Number of Customers</u>
Residential:		
Inside city limits	\$20	1,148
Outside city limits	\$24	67
Commercial:		
Small business	\$28	76
Convenience store and banks	\$44	13
Small RV park	\$52	2
Funeral home, bar, and washateria	\$64	5
Restaurants	\$84	9
Grocery stores	\$124	1
Small motel	\$104	1
Medium motel	\$324	1
Elderly housing complex	\$244	2
Nursing home and hospital	\$404	2
Schools	\$404-610	4
Small apartment complex (based on no. of units)	\$196-244	3
Large mobile home park	\$562	1
Large apartment complex	\$772	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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 261,500	\$ 278,500	\$ 257,462	\$ (21,038)
Licenses and permits	166,400	183,400	189,561	6,161
Intergovernmental	361,000	484,000	490,798	6,798
Charges for services	260,000	260,000	266,947	6,947
Miscellaneous	22,000	185,000	186,375	1,375
Interest earned	1,510	1,510	2,257	747
Grants	100,000	2,326,000	2,327,552	1,552
Total revenues	<u>1,172,410</u>	<u>3,718,410</u>	<u>3,720,952</u>	<u>2,542</u>
EXPENDITURES				
Current:				
General government	763,500	2,737,500	2,706,483	31,017
Sanitation	250,000	267,000	267,746	(746)
Culture and recreation	71,000	12,000	20,463	(8,463)
Capital outlay	50,000	-	3,950	(3,950)
Debt Service:				
Principal	20,350	20,350	22,026	(1,676)
Interest	-	-	16,228	(16,228)
Total expenditures	<u>1,154,850</u>	<u>3,036,850</u>	<u>3,036,896</u>	<u>(46)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	17,560	681,560	684,056	2,496
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	10,952	10,952
Operating transfers (out)	(625,800)	(625,800)	(779,171)	(153,371)
Total other financing sources (uses)	<u>(625,800)</u>	<u>(625,800)</u>	<u>(768,219)</u>	<u>(142,419)</u>
NET CHANGES IN FUND BALANCE	<u>(608,240)</u>	<u>55,760</u>	<u>(84,163)</u>	<u>(139,923)</u>
Beginning fund balance	<u>2,185,474</u>	<u>2,185,474</u>	<u>2,185,474</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 1,577,234</u>	<u>\$ 2,241,234</u>	<u>\$ 2,101,311</u>	<u>\$ (139,923)</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 280,600	\$ 388,600	\$ 388,821	\$ 221
Charges for services	101,000	112,000	113,673	1,673
Fines and forfeits	250,000	177,000	176,770	(230)
Miscellaneous	2,700	28,700	27,994	(706)
Interest earned	1,000	1,000	431	(569)
Grants	20,000	-	253,484	253,484
Total revenues	655,300	707,300	961,173	253,873
EXPENDITURES				
Current:				
Public safety	1,194,800	1,371,900	1,458,108	(86,208)
Capital outlay	136,020	154,520	89,197	65,323
Total expenditures	1,330,820	1,526,420	1,547,305	(20,885)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	(675,520)	(819,120)	(586,132)	232,988
OTHER FINANCING SOURCES (USES)				
Sales of fixed assets	1,000	1,000	901	(99)
Operating transfers in	625,800	625,800	778,004	152,204
Operating transfers (out)	-	-	(484)	(484)
Total other financing sources (uses)	626,800	626,800	778,421	151,621
NET CHANGES IN FUND BALANCE				
	(48,720)	(192,320)	192,289	384,609
Beginning fund balance	104,817	104,817	104,817	-
ENDING FUND BALANCE	\$ 56,097	\$ (87,503)	\$ 297,106	\$ 384,609

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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 604,000	\$ 903,000	\$ 772,892	\$ (130,108)
Miscellaneous	-	-	20,965	20,965
Interest earned	-	-	6,363	6,363
Grants	23,500	224,500	333,770	109,270
Total revenues	627,500	1,127,500	1,133,990	6,490
EXPENDITURES				
Current:				
Highways and streets	845,550	545,550	550,610	(5,060)
Capital outlay	150,000	265,000	273,002	(8,002)
Total expenditures	995,550	810,550	823,612	(13,062)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	(368,050)	316,950	310,378	(6,572)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	959	959
Operating transfers (out)	-	-	(3,263)	(3,263)
Total other financing sources (uses)	-	-	(2,304)	(2,304)
NET CHANGES IN FUND BALANCE				
	(368,050)	316,950	308,074	(8,876)
Beginning fund balance	840,675	840,675	840,675	-
ENDING FUND BALANCE	\$ 472,625	\$ 1,157,625	\$ 1,148,749	\$ (8,876)

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:					
6/30/2021	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:					
6/30/2021	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:					
6/30/2021	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:					
6/30/2021	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, 2021. For MPERS, there were no changes in benefit terms for the year ended June 30, 2021.

Changes of Assumptions. For MERS, changes to benefit assumptions for the year ended June 30, 2021, included decreases in investment rate of return from 6.95% to 6.85%. For MPERS, changes to benefit assumptions for the year ended June 30, 2021, included decreases in investment rate of return from 6.95% to 6.75%.

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, 2021

<u>Purpose</u>	<u>Amount</u>
Mayor Riley Smith	
Salary	\$ 18,000
Benefits-insurance	10,793
Benefits-retirement	5,310
Telephone	786
	<hr/>
	\$ 34,889
	<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, Louisiana	
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)	9/30/2021	
	First Six Month Period Ended 3/31/2021	Second Six Month Period Ended 9/30/2021
Cash Basis Presentation		
1. Beginning Balance of Amounts Collected (i.e. cash on hand)		
	-	-
2. Add: Collections		
a Civil Fees (including refundable amounts such as garnishments or advance deposits)	-	-
b Bond Fees	-	-
c Asset Forfeiture/Sale	-	-
d Pre-Trial Diversion Program Fees	-	-
e Criminal Court Costs/Fees	-	-
f Criminal Fines - Contempt	-	-
g Criminal Fines - Other	84,252	93,225
h Restitution	-	-
i Probation/Parole/Supervision Fees	-	-
j Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	-	-
k Interest Earnings on Collected Balances	-	-
l Other (do not include collections that fit into more specific categories above)	-	-
m Subtotal Collections	84,252	93,225
3. Less: Disbursements To Governments & Nonprofits: (Must include one agency name and one collection type on each line and may require multiple lines for the same agency if more than one collection type is applicable. Additional rows may be added as necessary.)		
<i>DeQuincy Witness - Criminal Fines</i>	714	777
<i>LA Supreme Court - Criminal Fines</i>	119	119
<i>TH/SCI - Criminal Fines</i>	670	705
<i>CMIS - Criminal Fines</i>	732	792
<i>Crime-Stoppers - Criminal Fines</i>	476	518
<i>Public Defenders - Criminal Fines</i>	2,396	2,610
<i>Crime Lab 1 - Criminal Fines</i>	1,250	1,750
<i>Crime Lab 2 - Criminal Fines</i>	230	520
<i>Crime Lab 3 - Criminal Fines</i>	4,960	8,450
<i>Crime Lab 3B - Criminal Fines</i>	550	260
<i>LA Comm Crime Victims - Criminal Fines</i>	1,830	938
<i>LA Comm Post Law - Criminal Fines</i>	488	528
<i>LA Comm Post Fee - Criminal Fines</i>	10	11
4. Less: Amounts Retained by Collecting Agency		
a Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	-	-
b Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	-	-
c Amounts "Self-Disbursed" to Collecting Agency (must include a separate line for each collection type, as applicable) - Example: Criminal Fines - Other (Additional rows may be added as necessary)	69,827	75,247
5. Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
a Civil Fee Refunds	-	-
b Bond Fee Refunds	-	-
c Restitution Payments to Individuals (additional detail is not required)	-	-
d Other Disbursements to Individuals (additional detail is not required)	-	-
e Payments to 3rd Party Collection/Processing Agencies	-	-
6. Subtotal Disbursements/Retainage		
	84,252	93,225
7. Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)		
	-	-
8. 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.		
	-	-
9. Other Information:		
a Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance)	-	-
b Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable balances, such as time served or community service)	-	-

CITY OF DEQUINCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor Program Title	Federal CFDA Number	Identifier Number	Federal Expenditures
U.S. Department of Transportation			
Passed through the Louisiana Department of Transportation and Development:			
Airport Improvement Program and COVID-19 Airports Program:			
COVID-19 Airports Program	20.106	3-22-0014-023-2021	\$ 22,000
COVID-19 Airports Program	20.106	3-22-0014-021-2021	9,000
COVID-19 Airports Program	20.106	3-22-0014-020-2020	20,000
Airport Improvement Program	20.106	3-22-0014-019-2019	3,034
U.S. Department of Treasury			
Passed through the Louisiana Department of Treasury:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	116,524
U.S. Department of Homeland Security			
Passed through the Governor's Office of Homeland Security and Emergency Preparedness:			
Public Assistance (Presidentially Declared Disasters)	97.036	*	<u>1,998,595</u>
Total Expenditures			<u>\$ 2,169,153</u>

* - denotes a major program

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

CITY OF DEQUINCY
NOTES TO THE SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

1. BASIS OF PRESENTATION

The schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of DeQuincy under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of DeQuincy, it is not intended to and does not present the financial position, changes in net assets, or cash flows of City of DeQuincy.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* or the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. DE MINIMIS INDIRECT COST RATE

The City of DeQuincy has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance for the year ended September 30, 2021.

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

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, 2021, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 29, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing 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 combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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.

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 2021-1(C) and 2021-2(C)).

Response to Findings

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

Purpose of this Report

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

Restrictions on this Report

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

Joseph A. Williams, CPA, #88

DeQuincy, Louisiana
December 29, 2022



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 COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

City of DeQuincy, Louisiana
DeQuincy, Louisiana

Report on Compliance for Each Major Program

Opinion on Each Major Federal Program

We have audited City of DeQuincy's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of DeQuincy's major federal programs for the year ended September 30, 2021. City of DeQuincy's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of DeQuincy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of DeQuincy and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of DeQuincy's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of DeQuincy's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of DeQuincy's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of DeQuincy's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of DeQuincy's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of DeQuincy's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of DeQuincy's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Joseph Williams, CPA

Lake Charles, Louisiana

December 29, 2022

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2021

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
Year Ended September 30, 2021

Section II – CURRENT YEAR FINDINGS AND MANagements CORRECTIVE ACTION PLAN

Internal Control:

There were no findings with regards to internal controls.

Compliance:

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

Finding: 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.

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

Cause: Auditor was unable to determine cause of finding.

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

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

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

Finding 2021-2(C) – Budget Preparation

Finding: When preparing budget comparison, we noted that they had exceeded their transfer out budget number by more than 5%.

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.

Cause: The City had accruals at the end of the prior year they did not take out of their current year budget.

Effect: The City was not in compliance with the Budget Act.

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
Year Ended September 30, 2021

Section II – CURRENT YEAR FINDAINGS AND MANAGERMENTS CORRECTIVE ACTION PLAN – (Continued)

Compliance: - (Continued)

Recommendation: That the City review the Louisiana Budget Act annually for any changes. That they monitor all planned revenues, spending and transfers and seek guidance from legal council or auditor if necessary.

Corrective Action Plan: Management agrees with auditor’s recommendation. All board members were given a copy of the Louisiana Budget Act for review. They will monitor all planned revenues, expenses and transfers carefully and make sure that they are in compliance with the Budget Act.

Section III – PRIOR YEAR FINDAINGS AND MANAGERMENTS CORRECTIVE ACTION PLAN

Internal Control:

Finding 2020-1(IC) – Purchase orders

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

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

Cause: Auditor was unable to determine cause of finding.

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

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

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

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
Year Ended September 30, 2021

Compliance:

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

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

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

Cause: Auditor was unable to determine cause of finding.

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

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

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