

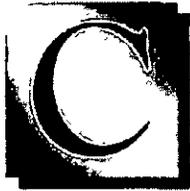
City of DeQuincy, Louisiana
DeQuincy, Louisiana
Financial Report
For the Year Ended September 30, 2009

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

Release Date 4/21/10

CONTENTS

	Page
Independent Auditor's Report	3
Basic Financial Statements:	
Statement of Net Assets	5
Statement of Activities	6
Balance Sheet - Governmental Funds	7
Reconciliation of the Balance Sheet - Governmental Funds - to the Statement of Net Assets	8
Statement of Revenues, Expenditures, and Changes In Fund Balances - Governmental Funds	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - to the Statement of Activities	10
Balance Sheet - Proprietary Funds	11
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	12
Statement of Cash Flows - Proprietary Funds	13
Notes to the Financial Statements	15
Required Supplemental Information:	
Statement of Revenues, Expenditures, and Changes in Fund Balance –Budget and Actual–General Fund	31
Statement of Revenues, Expenditures, and Changes in Fund Balance–Budget and Actual–Sales Tax Revenue Fund	32
Compliance and Internal Control:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	33
Schedule of Findings and Questioned Costs	35
Summary Schedule of Current and Prior Year Audit Findings And Corrective Action Plan	36



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Member of the American Institute of Certified Public Accountants and the Society of Louisiana Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of DeQuincy, Louisiana

I have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of DeQuincy, Louisiana as of and for the year ended September 30, 2009. These basic financial statements are the responsibility of the City of DeQuincy, Louisiana. My responsibility is to express an opinion on these basic financial statements based on my audit.

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

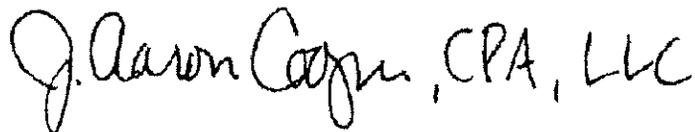
The City has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and major funds of the City of DeQuincy, Louisiana as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Honorable Mayor and City Council
City of DeQuincy, Louisiana
Page 2

The required supplementary information on page 31-32 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, I have issued my report dated March 4, 2010, on my consideration of the City's internal control over financial reporting and my tests of its compliance with laws and regulations. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Handwritten signature of J. Aaron Cozart, CPA, LLC in black ink.

March 4, 2010

CITY OF DEQUINCY, LOUISIANA

STATEMENT OF NET ASSETS

September 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 774,910	\$ 865,151	\$ 1,640,061
Investments	331,369	881,635	1,213,004
Accounts receivable	237,287	299,243	536,530
Notes receivables	-	3,111	3,111
Due from other funds	202,757	379,977	582,734
Restricted cash	38,443	355,251	393,694
Other assets	25,262	20,474	45,736
Capital assets, net	<u>3,818,854</u>	<u>5,987,436</u>	<u>9,806,290</u>
Total assets	5,428,882	8,792,278	14,221,160
LIABILITIES			
Accounts payable and accrued liabilities	78,938	250,271	329,209
Due to other funds	225,357	357,377	582,734
Customer deposits	-	84,867	84,867
Compensated absences	48,189	40,032	88,221
Long-term liabilities:			
Due within one year	12,297	322,989	335,286
Due after one year	<u>545,667</u>	<u>1,523,835</u>	<u>2,069,502</u>
Total liabilities	910,448	2,579,371	3,489,819
NET ASSETS			
Invested in capital assets	3,260,890	4,140,612	7,401,502
Restricted for debt service/economic development	-	530,158	530,158
Unrestricted	<u>1,257,545</u>	<u>1,865,126</u>	<u>3,122,671</u>
Total net assets	<u>\$ 4,518,435</u>	<u>\$ 6,535,896</u>	<u>\$ 11,054,331</u>

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

CITY OF DEQUINCY, LOUISIANA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2009

Activities	Expenses	Program Revenues Charges for Services	Net (Expense) Revenues and Changes in Net Assets		
			Governmental Activities	Business-type Activities	Total
Governmental activities:					
General government	\$ 360,432	\$ -	\$ (360,432)	\$ -	\$ (360,432)
Public safety	1,029,468	1,532	(1,027,936)	-	(1,027,936)
Sanitation	212,519	208,589	(3,930)	-	(3,930)
Highways and streets	474,965	-	(474,965)	-	(474,965)
Culture and recreation	42,143	-	(42,143)	-	(42,143)
Interest on long-term debt	25,406	-	(25,406)	(79,434)	(104,840)
Total governmental activities	<u>2,144,933</u>	<u>210,121</u>	<u>(1,934,812)</u>	<u>(79,434)</u>	<u>(2,014,246)</u>
Business-type activities:					
Gas	874,470	993,145	-	118,675	118,675
Sewer	467,185	172,315	-	(294,870)	(294,870)
Airpark	204,474	12,426	-	(192,048)	(192,048)
Revolving loan fund	-	2,978	-	2,978	2,978
Total business-type activities	<u>1,546,129</u>	<u>1,180,864</u>	<u>-</u>	<u>(365,265)</u>	<u>(365,265)</u>
Total primary government	<u>\$ 3,691,062</u>	<u>\$ 1,390,985</u>	<u>(1,934,812)</u>	<u>(444,699)</u>	<u>(2,379,511)</u>
General revenues:					
Taxes			995,004	594,175	1,589,179
Licenses and permits			183,556	-	183,556
Intergovernmental			18,232	-	18,232
Fines and forfeitures			96,578	-	96,578
Grants and contributions not restricted to specific programs			559,790	262,384	822,174
Unrestricted investment earnings			7,545	31,070	38,615
Other			73,575	-	73,575
Special items:					
Gain on disposal of capital assets			850	-	850
Transfers			118,363	(118,363)	-
Total general revenues and transfers			<u>2,053,493</u>	<u>769,266</u>	<u>2,822,759</u>
Change in net assets			118,681	324,567	443,248
Beginning net assets			4,399,754	6,211,329	10,611,083
Ending net assets			<u>\$ 4,518,435</u>	<u>6,535,896</u>	<u>\$ 11,054,331</u>

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

CITY OF DEQUINCY, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2009

	General	Special Revenue	Capital Projects	Total
ASSETS				
Cash and cash equivalents	\$ 342,257	\$ 432,628	\$ 25	\$ 774,910
Investments	257,806	73,563	-	331,369
Receivables	123,495	113,792	-	237,287
Due from other funds	107,538	95,219	-	202,757
Prepays	16,520	8,742	-	25,262
Cash - restricted	38,443	-	-	38,443
Total assets	\$ 886,059	\$ 723,944	\$ 25	\$ 1,610,028
LIABILITIES				
Accounts payable	\$ 45,076	\$ 5,006	\$ -	\$ 50,082
Accrued expenses	19,195	9,660	-	28,855
Due to other funds	58,799	166,558	-	225,357
Total liabilities	123,070	181,224	-	304,294
FUND BALANCES				
Unreserved - undesignated	762,989	542,720	25	1,305,734
Total liabilities and fund balances	\$ 886,059	\$ 723,944	\$ 25	\$ 1,610,028

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

CITY OF DEQUINCY, LOUISIANA

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

September 30, 2009

Total fund balances for governmental funds at beginning of year	\$	1,305,734
Total net assets reported for governmental activities in the Statement of Net Assets is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land		20,000
Capital assets, net of accumulated depreciation		<u>3,798,854</u>
		3,818,854
Long-term liabilities at year end:		
Bonds payable		(557,964)
Compensated absences payable		<u>(48,189)</u>
Total net assets of governmental activities at end of year	\$	<u><u>4,518,435</u></u>

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

CITY OF DEQUINCY, LOUISIANA

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

For the Year Ended September 30, 2009

	General	Special Revenue	Capital Projects	Total Governmental Funds
REVENUES				
Taxes	\$ 501,549	\$ 493,455	\$ -	\$ 995,004
Licenses and permits	183,556	-	-	183,556
Intergovernmental	18,232	-	-	18,232
Charges for services	210,121	-	-	210,121
Fines and forfeits	96,578	-	-	96,578
Miscellaneous	13,809	59,766	-	73,575
Interest earned	5,061	2,484	-	7,545
Grants	352,630	-	207,160	559,790
Total revenues	<u>1,381,536</u>	<u>555,705</u>	<u>207,160</u>	<u>2,144,401</u>
EXPENDITURES				
Current:				
General government	327,891	-	-	327,891
Public safety	893,652	-	-	893,652
Sanitation	212,519	-	-	212,519
Highways and streets	-	357,454	-	357,454
Culture and recreation	42,143	-	-	42,143
Capital outlay	135,763	5,205	207,160	348,128
Debt Service:				
Principal	12,849	-	-	12,849
Interest	25,406	-	-	25,406
Total expenditures	<u>1,650,223</u>	<u>362,659</u>	<u>207,160</u>	<u>2,220,042</u>
Excess (deficiency) of revenues over (under) expenditures	(268,687)	193,046	-	(75,641)
OTHER FINANCING SOURCES (USES)				
Sales of fixed assets	850	-	-	850
Operating transfers in	245,891	865	25	246,781
Operating transfers (out)	(87,014)	(41,404)	-	(128,418)
Total other financing sources (uses)	<u>159,727</u>	<u>(40,539)</u>	<u>25</u>	<u>119,213</u>
Net change in fund balances	(108,960)	152,507	25	43,572
Beginning fund balances	<u>871,949</u>	<u>390,213</u>	<u>-</u>	<u>1,262,162</u>
Ending fund balances	<u>\$ 762,989</u>	<u>\$ 542,720</u>	<u>\$ 25</u>	<u>\$ 1,305,734</u>

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

CITY OF DEQUINCY, LOUISIANA

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

For the Year Ended September 30, 2009

Total net changes in fund balances for the year per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 43,572
The change in net assets reported for governmental activities in the Statement of Activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	348,129
Depreciation expense for the year	<u>(282,659)</u>
	65,470
Government funds do report bonded debt repayments as expenditures. However, this payable does appear in the Statement of Activities since the payment is applied against the bond payable on the Balance Sheet	12,849
Change in compensated absences	<u>(3,210)</u>
Total changes in net assets for the year per Statement of Activities	<u>\$ 118,681</u>

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

CITY OF DEQUINCY, LOUISIANA

BALANCE SHEET - PROPRIETARY FUNDS

Business- Type Activities- Enterprise Funds
September 30, 2009

	Gas Utility Revenue Fund	Sewer Utility Revenue Fund	Industrial Airpark Fund	Revolving Loan Fund	Total
ASSETS					
Cash and cash equivalents	\$ 271,476	\$ 64,793	\$ 357,086	\$ 171,796	\$ 865,151
Restricted cash	-	355,251	-	-	355,251
Investments	157,755	461,979	261,901	-	881,635
Notes receivable	-	-	-	-	-
Accounts receivable	66,209	33,144	199,890	-	299,243
Other assets	11,732	8,742	-	-	20,474
Due from other funds	-	379,977	-	-	379,977
Total current assets	<u>507,172</u>	<u>1,303,886</u>	<u>818,877</u>	<u>171,796</u>	<u>2,801,731</u>
Property, plant and equipment, net of accumulated depreciation	41,308	3,426,065	2,520,063	-	5,987,436
Notes receivable - due after one year	-	-	-	3,111	3,111
Total Assets	<u>\$ 548,480</u>	<u>\$ 4,729,951</u>	<u>\$ 3,338,940</u>	<u>\$ 174,907</u>	<u>\$ 8,792,278</u>
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable	\$ 33,022	\$ 8,161	\$ 198,205	\$ -	\$ 239,388
Payroll liabilities	5,147	5,736	-	-	10,883
Bonds payable, current portion	-	-	-	-	-
Customer deposits	84,867	-	-	-	84,867
Due to other funds	262,157	95,220	-	-	357,377
Total current liabilities: (payable from current assets)	<u>385,193</u>	<u>109,117</u>	<u>198,205</u>	<u>-</u>	<u>692,515</u>
Long-term liabilities:					
Compensated absences	17,669	22,363	-	-	40,032
Bonds payable	-	1,523,835	-	-	1,523,835
Total liabilities	<u>402,862</u>	<u>1,655,315</u>	<u>198,205</u>	<u>-</u>	<u>2,256,382</u>
Net assets:					
Invested in capital assets, net of related debt	41,308	1,902,230	2,520,063	-	4,463,601
Restricted for debt service/ future loans	-	355,251	-	174,907	530,158
Unrestricted	104,310	817,155	620,672	-	1,542,137
	<u>145,618</u>	<u>3,074,636</u>	<u>3,140,735</u>	<u>174,907</u>	<u>6,535,896</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 548,480</u>	<u>\$ 4,729,951</u>	<u>\$ 3,338,940</u>	<u>\$ 174,907</u>	<u>\$ 8,792,278</u>

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

CITY OF DEQUINCY, LOUISIANA

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS - PROPRIETARY FUND

For the Year Ended September 30, 2009

	Gas Utility Revenue Fund	Sewer Utility Revenue Fund	Industrial Airpark Fund	Revolving Loan Fund	Total
OPERATING REVENUES:					
Charges for services	\$ 993,145	\$ 172,315	\$ -	\$ -	\$ 1,165,460
Rent	-	-	12,426	-	12,426
Taxes	-	494,175	100,000	-	594,175
Interest earned	-	-	-	2,978	2,978
Total operating revenue	993,145	666,490	112,426	2,978	1,775,039
OPERATING EXPENSES:					
Personal services	131,348	207,500	-	-	338,848
Natural gas purchased	626,948	-	-	-	626,948
Materials and supplies	27,782	13,267	9,209	-	50,258
Utilities	1,107	37,396	7,629	-	46,132
Depreciation	8,333	131,934	157,018	-	297,285
Bad debts	3,370	-	-	-	3,370
Other services and charges	75,582	77,088	30,618	-	183,288
Total operating expenses	874,470	467,185	204,474	-	1,546,129
Operating income (loss)	118,675	199,305	(92,048)	2,978	228,910
Non-operating revenues (expenses):					
Miscellaneous revenues and grants	-	1,914	260,270	200	262,384
Interest on investments	6,838	13,708	10,524	-	31,070
Interest and fiscal charges	-	(79,434)	-	-	(79,434)
Total nonoperating revenues (expenses)	6,838	(63,812)	270,794	200	214,020
Income before operating transfers	125,513	135,493	178,746	3,178	442,930
Transfers from (to) other funds	(57,134)	(55,773)	(5,456)	-	(118,363)
Net income	68,379	79,720	173,290	3,178	324,567
Beginning net assets	77,239	2,994,916	2,967,445	171,729	6,211,329
Ending net assets	\$ 145,618	\$ 3,074,636	\$ 3,140,735	\$ 174,907	\$ 6,535,896

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

CITY OF DEQUINCY, LOUISIANA

STATEMENT OF CASH FLOWS
 Proprietary Funds
 Business-type Activities- Enterprise Funds
 For the Year Ended September 30, 2009

	Gas Utility Revenue Fund	Sewer Utility Revenue Fund	Industrial Airpark Fund	Revolving Loan Fund	Total
Cash flows from operating activities:					
Receipts from customers and users	\$ 1,019,031	\$ 174,806	\$ 112,426	\$ 23,151	\$ 1,329,414
Payments to suppliers	(767,028)	(147,332)	149,898	-	(764,462)
Payments to employees	(125,614)	(203,154)	-	-	(328,768)
Other	-	494,175	-	-	494,175
Net cash provided by activities	126,389	318,495	262,324	23,151	730,359
Cash flows from noncapital financing activities:					
Miscellaneous revenues and grants	-	1,914	60,380	-	62,294
Operating transfers in (out)	(57,134)	(55,773)	(5,456)	-	(118,363)
Increase in customer deposits	(1,832)	-	-	-	(1,832)
Advances from (to) other funds	-	-	(95,000)	-	(95,000)
Net cash provided by (used in) noncapital financing activities	(58,966)	(53,859)	(40,076)	-	(152,901)
Cash flows from investing activities:					
Interest income	6,838	13,708	10,524	-	31,070
Change in restricted cash	-	(152,624)	-	-	(152,624)
Sales of investments	185,970	(12,826)	375,088	-	548,232
Net cash used by investing activities	192,808	(151,742)	385,612	-	426,678
Cash flows from capital and related financing activities:					
Capital expenditures for plant and equipment	(10,436)	-	(261,657)	-	(272,093)
Principal payments on notes and revenue bonds	-	(21,042)	-	-	(21,042)
Interest paid	-	(79,434)	-	-	(79,434)
Net cash used by capital and related financing activities	(10,436)	(100,476)	(261,657)	-	(372,569)
Net increase (decrease) in cash	249,795	12,418	346,203	23,151	631,567
Cash and cash equivalents-beginning of year	21,681	52,375	10,883	148,645	233,584
Cash and cash equivalents-end of year	\$ 271,476	\$ 64,793	\$ 357,086	\$ 171,796	\$ 865,151

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

CITY OF DEQUINCY, LOUISIANA

STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2009

	<u>Gas Utility Revenue Fund</u>	<u>Sewer Utility Revenue Fund</u>	<u>Industrial Airpark Fund</u>	<u>Revolving Loan Fund</u>	<u>Total</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income	\$ 118,675	\$ 199,305	\$ (92,048)	\$ 2,978	\$ 228,910
Adjustments to reconcile net operating income to net cash provided by operating activities:					
Depreciation	8,333	131,934	157,018	-	297,285
Change in operating assets and liabilities					
Account receivable	25,886	2,491	-	22,669	51,046
Other assets	(8,742)	(8,742)	-	25,780	8,296
Accounts payable and other accrued expenses	<u>(17,763)</u>	<u>(6,493)</u>	<u>197,354</u>	<u>-</u>	<u>173,098</u>
Total adjustments	7,714	119,190	354,372	48,449	529,725
Net cash provided (used) by operating activities	<u>\$ 126,389</u>	<u>\$ 318,495</u>	<u>\$ 262,324</u>	<u>\$ 51,427</u>	<u>\$ 758,635</u>
Supplemental Disclosure:					
Cash paid for interest	<u>\$ -</u>	<u>\$ 79,434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,434</u>

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

Notes to the Financial Statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The following is a summary of certain significant accounting policies:

A. FINANCIAL REPORTING ENTITY

The accompanying financial statements include the various departments, activities, and organizational units that are within the control and authority of the Mayor and City Council of the City. 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, 2009.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Fund Financial Statements (FFS)

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

General Fund

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

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This fund accounts for the receipt and use of proceeds of the City's one percent sales tax. This fund is considered a major fund.

Capital Projects Funds

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

Enterprise Fund

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

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

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

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

The Revolving Loan Fund accounts for monies received for the purpose of making loans to qualified businesses. This fund is not considered a major fund.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

C. BASIS OF ACCOUNTING

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

D. BUDGETS

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

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

Encumbrance accounting is not used

E. CASH AND CASH EQUIVALENTS

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

F. INVESTMENTS

Louisiana state statutes authorize the City to invest in United States bonds, treasury notes, or time certificates of deposit of state banks organized under the Laws of Louisiana and national banks having the principal office in the State of Louisiana, investment as stipulated in R.S. 39:1271, or any other federally insured investment, or in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State of Louisiana and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at fair market value.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

G. PROPERTY TAXES

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

H. ALLOWANCE FOR BAD DEBTS

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

I. FIXED ASSETS

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

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

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

J. USE OF ESTIMATES

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

K. INVENTORY

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

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

L. SICK PAY

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 work day. 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	30 days
Twenty to thirty years	60 days
Thirty years or more	90 days

At September 30, 2009, employees of the City have accumulated approximately \$88,221 in leave privileges, computed in accordance with GASB Statement 16.

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, 2009, the City had cash and cash equivalents (book balances) totaling \$2,033,756 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.

At September 30, 2009, the City had the following investments:

Certificates of deposit	\$ 419,958
Louisiana Asset Management Pool (LAMP)	520,974
U.S. agency securities	272,072
	<hr/>
	\$ 1,213,004
	<hr/>

Certificates and LAMP deposits 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.

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

2. DEPOSITS AND INVESTMENTS – (Continued)

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.

Included in investments is \$520,974 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 the investment in LAMP at September 30, 2009, is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPAs. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted-average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned. At September 30, 2009, the City had \$2,554,476 in demand deposits and certificates of deposit (bank balances before outstanding checks or deposits in transit). These deposits are secured from risk by \$875,084 of federal deposit insurance and \$1,679,392 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Even though the deposits covered by the pledged securities are considered uncollateralized, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent bank has failed to pay deposited funds upon demand.

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

3. RECEIVABLES

The receivables of \$536,530 at September 30, 2009, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Gas Utility</u>	<u>Sewer</u>	<u>Airpark</u>	<u>Total</u>
Receivables:						
Utilities	\$ 57,271	\$ -	\$ 102,372	\$ 51,302	\$ -	\$ 210,945
Other	85,812	113,792	-	-	199,890	399,494
Less: allowance for doubtful accounts	<u>(19,588)</u>	<u>-</u>	<u>(36,163)</u>	<u>(18,158)</u>	<u>-</u>	<u>(73,909)</u>
Net of allowance	<u>\$ 123,495</u>	<u>\$ 113,792</u>	<u>\$ 66,209</u>	<u>\$ 33,144</u>	<u>\$ 199,890</u>	<u>\$ 536,530</u>

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

4. NOTES RECEIVABLE

The notes receivable balance in the loan fund is for local business development loans. Total notes receivables at September 30, 2009 was \$3,111. These loans are considered fully collectible.

5. AD VALOREM TAXES

For the year ended September 30, 2009, taxes of 6.02 mills were levied on property with assessed valuation totaling \$12,097,500 and were dedicated for general corporate purposes. Total taxes levied were \$72,827. Property taxes attach as an enforceable lien on property as of April 30. Taxes are levied on November 1.

6. CAPITAL ASSETS

A summary of changes in capital assets for the year ended September 30, 2009:

<u>Governmental Activities</u>	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, End of Year</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 110,622	\$ 12,119	\$ (122,741)	\$ -
Property held for future use or sale	92,900	-	-	92,900
Land	20,000	-	-	20,000
Capital assets, being depreciated:				
Buildings	2,002,445	90,533	(3,300)	2,089,678
Improvements other than buildings	1,020,506	306,714	(1,388)	1,325,832
Autos and trucks	712,257	10,500	-	722,757
Machinery and equipment	383,943	51,004	(1,175)	433,772
Infrastructure	1,391,654	-	-	1,391,654
Total capital assets, being depreciated	<u>5,510,805</u>	<u>458,751</u>	<u>(5,863)</u>	<u>5,963,693</u>
Less accumulated depreciation for:				
Buildings	666,342	47,308	(3,300)	710,350
Improvements other than buildings	321,959	58,904	(1,388)	379,475
Autos and trucks	484,941	81,748	-	566,689
Machinery and equipment	188,925	59,762	(1,175)	247,512
Infrastructure	318,777	34,936	-	353,713
Total accumulated depreciation	<u>1,980,944</u>	<u>282,658</u>	<u>(5,863)</u>	<u>2,257,739</u>
Total capital assets, being depreciated, net	<u>3,529,861</u>	<u>176,093</u>	<u>-</u>	<u>3,705,954</u>
Governmental activities capital assets, net	<u>\$ 3,753,383</u>	<u>\$ 188,212</u>	<u>\$ (122,741)</u>	<u>\$ 3,818,854</u>

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

6. CAPITAL ASSETS – (Continued)

Business-type Activities:	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
Capital assets, not being depreciated:				
Land	\$ 158,825	\$ -	\$ -	\$ 158,825
Construction in progress	-	244,241	-	244,241
Total capital assets, not being depreciated	<u>158,825</u>	<u>244,241</u>	<u>-</u>	<u>403,066</u>
Capital assets, being depreciated:				
Buildings	7,186	-	-	7,186
Improvements other than buildings	4,002,469	-	-	4,002,469
Gas distribution system	528,227	-	-	528,227
Sewer system	4,616,798	-	-	4,616,798
Autos and Trucks	87,701	-	-	87,701
Machinery and equipment	136,229	27,852	-	164,081
Total capital assets, being depreciated	<u>9,378,610</u>	<u>27,852</u>	<u>-</u>	<u>9,406,462</u>
Less accumulated depreciation for:				
Buildings	479	479	-	958
Improvements other than buildings	1,757,457	150,722	-	1,908,179
Gas distribution system	525,868	-	-	525,868
Sewer system	1,078,659	125,915	-	1,204,574
Autos and trucks	74,005	3,675	-	77,680
Machinery and equipment	88,339	16,494	-	104,833
Total accumulated depreciation	<u>3,524,807</u>	<u>297,285</u>	<u>-</u>	<u>3,822,092</u>
Total capital assets, being depreciated, net	<u>5,853,803</u>	<u>(269,433)</u>	<u>-</u>	<u>5,584,370</u>
Business-type activities capital assets, net	<u>\$ 6,012,628</u>	<u>\$ (25,192)</u>	<u>\$ -</u>	<u>\$ 5,987,436</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 32,931
Public safety	131,489
Highways and streets	118,238
Total depreciation expense - governmental activities	<u>\$ 282,658</u>
Business-type activities:	
Gas	\$ 8,333
Sewer	131,934
Airpark	157,018
Total depreciation expense - business-type activities	<u>\$ 297,285</u>

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

7. LONG-TERM DEBT

Summary of changes in long-term debt:

	Balance, Beginning of Year	Additions	Retirements	Balance, End of Year
Governmental activities:				
Rural Development bonds payable	\$ 570,813	\$ -	\$ (12,849)	\$ 557,964
Business-type activities:				
Sewer bonds	1,544,877	-	(21,042)	1,523,835
	<u>\$ 2,115,690</u>	<u>\$ -</u>	<u>\$ (33,891)</u>	<u>\$ 2,081,799</u>

Bonds and notes payable at September 30, 2009 are comprised of the following individual issues:

General obligations on debt:

Revenue bonds:

\$619,000 Revenue Bonds, Series 2003 Rural Development due in monthly installments of \$3,188 through May 2033; Interest at 4.5%. These funds were used to construct Public Safety building.	\$ 557,964
\$1,231,433 Utility Revenue Refunding Bonds Series 1998, single bond due in annual installments of \$157,373 through April 2015, including interest at 7.30%.	369,626
\$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.	844,282
\$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	309,927
	<u>\$ 2,081,799</u>

The City is committed under bond agreements with the USDA Office of Rural Development to maintain certain reserve and contingency funds. As of September 30, 2009, the total balance in the City's reserve and contingency funds totaled \$127,561.

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

7. LONG-TERM DEBT – (Continued)

The annual requirements to amortize all bonds and notes outstanding as of September 30, 2009, are as follows:

Year ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 12,297	\$ 25,958	\$ 322,989	\$ 66,843
2011	15,200	23,054	91,681	54,461
2012	14,703	23,551	24,085	49,408
2013	15,378	22,876	25,192	48,302
2014	16,085	22,169	26,349	47,144
2015-2019	92,211	99,060	151,055	216,413
2020-2024	115,430	75,842	189,090	178,378
2025-2029	144,495	46,777	236,702	130,766
2030-2034	132,165	11,672	296,302	71,165
2035-2039	-	-	160,390	11,207
	<u>\$ 557,964</u>	<u>\$ 350,959</u>	<u>\$ 1,523,835</u>	<u>\$ 874,087</u>

8. 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 (2009 collections \$493,455) 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 December 1, 1983 (2009 collections \$494,175) are dedicated as follows:

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

Proceeds of a 1/2% sales and use tax levied by the City effective October 1, 1993 (2009 collections \$244,949) are dedicated as follows:

1. 58% of proceeds are dedicated to Police Department expenses.
2. 42% of proceeds are dedicated to Fire Department expenses.

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

9. INDIVIDUAL FUND INTERFUND RECEIVABLE AND PAYABLE BALANCES

At September 30, 2009, amounts due to/from the various funds were:

<u>Creditor Fund</u>	<u>Debtor Fund</u>	<u>Amount</u>
General Fund	Sales Tax Fund	\$ 107,538
Sewer	General Fund	58,800
Sewer	Gas	262,157
Sewer	Sales Tax Fund	59,020
Sales Tax Fund	Sewer	95,219
		<u>\$ 582,734</u>

The following is a summary of interfund transfers for the year ended September 30, 2009:

<u>Paying Fund</u>	<u>Receiving Fund</u>	<u>Amount</u>
Gas Company	General Fund	\$ 75,156
Sewer	General Fund	73,998
Airpark	General Fund	6,612
Sales Tax Fund	General Fund	19,453
General Fund	Capital Projects Fund	25
Airpark	Sales Tax Fund	865
Sales Tax Fund	Sewer Utility Fund	22,266
Sales Tax Fund	Gas Utility Fund	2,650
		<u>\$ 201,025</u>

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

10. GAS UTILITY REVENUE FUND

At September 30, 2009 there were approximately 1,536 customers being served by the gas distribution system. The total amount of gas billed during the year was \$993,143, resulting in an average monthly bill of \$53.88 per customer. The gas rates being charged by the City at September 30, 2009 are as follows:

Residential

Net monthly rate:
 \$ 4.00 minimum charge
 \$ 0.89152 per 100 cubic feet gas used

Commercial

Net monthly rate:
 \$ 4.20 minimum charge
 \$ 0.91152 per 100 cubic feet gas used

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

11. RETIREMENT COMMITMENTS

Municipal Police Employees Retirement System

Plan Description. The City of DeQuincy contributes to the Municipal Police Employees' Retirement system, a cost-sharing multiple-employer plan administered by the Municipal and State Police Employees' Retirement System of Louisiana. The Municipal Police Employees' Retirement system was established as of July 1, 1973, and amended by RS 33:2371 of the 1986 session to become Municipal and State Police Retirement System of Louisiana. The system is a state retirement system which was created to provide retirement benefits for full-time municipal police officers in Louisiana and state police officers hired after January 1, 1987. The system is administered by a Board of Trustees of the Retirement Committee of the House of Representatives and the Chairman of the Senate Finance Committee, or their designees, to serve as voting ex-officio members of the board.

Funding Policy. Plan members are required to contribute 7.5% of their annual covered salary and the City of DeQuincy is required to contribute at a statutorily-determined rate. The current rate is 11% of annual covered payroll. The contribution requirements of plan members and the City of DeQuincy are established and may be amended by the Board of Trustees. The City of DeQuincy's contributions to the Municipal Police Employees' Retirement System were \$36,690, \$46,373 and \$49,725 for the years ended September 30, 2009, 2008 and 2007, respectively, which equals the required contributions for each year.

Municipal Employees Retirement System

Plan Description. The City of DeQuincy contributes to the Municipal Employees' Retirement System of Louisiana, a cost-sharing multiple-employer plan administered by the Municipal Employees' Retirement System, State of Louisiana. The Municipal Employees' Retirement System of Louisiana was established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns and cities within the state which did not have their own retirement system and which elected to become members of the system. The system is administered by a Board of Trustees composed of nine members, six of whom shall be active and contributing members of the system with at least ten years creditable service, elected by the members of the system; one of whom shall be the officio member during his tenure; one of whom shall be the Chairman of the Senate Retirement Committee; one of whom shall be the Chairman of the House Retirement Committee of the Legislature of Louisiana. Act #569 of the year 1968 established by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in the Municipal Employees' Retirement System, effective on June 30, 1970. Effective October 1, 1978, under Act #788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B". Plan "A" combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan "B" participates in only the original plan. The City of DeQuincy is a member of Plan "A" of the retirement system.

Funding Policy. Plan members are required to contribute 9.25% of their annual covered salary and the City of DeQuincy is required to contribute at a statutorily-determined rate. The current rate is 13.5% of annual covered payroll. The contribution requirements of plan members and the City of DeQuincy are established and may be amended by the Board of Trustees. The City of DeQuincy's contributions to the Municipal Employees' Retirement System of Louisiana were \$40,120, \$38,718 and \$41,789 for the years ended September 30, 2009, 2008 and 2007, respectively, which equals the required contributions for each year.

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

12. LITIGATION

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

13. COMPENSATION OF MAYOR AND COUNCIL

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

Lawrence Henagan, Mayor	\$	12,000
Denise Maddox		1,800
W. Tracy Brown		1,800
Andrea Coleman		1,800
Lynne Tremé		1,800
Judy Landry		1,800
		21,000
	\$	21,000

14. SEWER CUSTOMERS AND RATES

Rates		Number of customers
\$8 - \$10 per month	Residential	1,154
\$12 - \$384 per month	Commercial	278

Required Supplemental 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, 2009

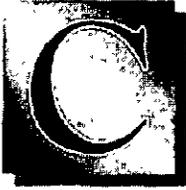
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 442,200	\$ 445,200	\$ 501,549	\$ 56,349
Licenses and permits	257,600	282,900	183,556	(99,344)
Intergovernmental	1,000	2,500	18,232	15,732
Charges for services	195,000	195,000	210,121	15,121
Fines and forfeits	100,000	111,000	96,578	(14,422)
Miscellaneous	18,350	52,350	13,809	(38,541)
Interest earned	10,000	10,000	5,061	(4,939)
Grants	345,000	287,000	352,630	65,630
Total revenues	<u>1,369,150</u>	<u>1,385,950</u>	<u>1,381,536</u>	<u>(4,414)</u>
EXPENDITURES				
<i>Current:</i>				
General government	430,100	352,500	327,891	24,609
Public safety	684,200	871,500	893,652	(22,152)
Sanitation	185,000	185,000	212,519	(27,519)
Culture and recreation	32,500	32,500	42,143	(9,643)
Capital outlay	387,000	177,500	135,763	41,737
<i>Debt Service:</i>				
Principal	-	-	12,849	(12,849)
Interest	-	-	25,406	(25,406)
Total expenditures	<u>1,718,800</u>	<u>1,619,000</u>	<u>1,650,223</u>	<u>(31,223)</u>
EXCESS OF REVENUES OVER EXPENDITURES	(349,650)	(233,050)	(268,687)	(35,637)
OTHER FINANCING SOURCES (USES)				
Sales of fixed assets	-	850	850	-
Operating transfers in	250,000	250,000	217,276	(32,724)
Operating transfers (out)	(45,000)	(45,000)	(58,399)	(13,399)
Total other financing sources (uses)	<u>205,000</u>	<u>205,850</u>	<u>159,727</u>	<u>(46,123)</u>
NET CHANGES IN FUND BALANCE	(144,650)	(27,200)	(108,960)	(81,760)
FUND BALANCES AT BEGINNING OF YEAR	<u>871,949</u>	<u>871,949</u>	<u>871,949</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 727,299</u>	<u>\$ 844,749</u>	<u>\$ 762,989</u>	<u>\$ (81,760)</u>

CITY OF DEQUINCY, LOUISIANA
SALES TAX SPECIAL REVENUE FUND

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

For the Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 635,000	\$ 475,000	\$ 493,455	\$ 18,455
Miscellaneous	15,000	51,000	59,768	8,768
Interest earned	14,500	14,500	2,484	(12,016)
Grants	200,000	-	-	-
Total revenues	<u>864,500</u>	<u>540,500</u>	<u>555,707</u>	<u>15,207</u>
EXPENDITURES				
Current:				
Highways and streets	348,300	361,100	357,454	3,646
Capital outlay	350,000	10,000	5,205	4,795
Total expenditures	<u>698,300</u>	<u>371,100</u>	<u>362,659</u>	<u>8,441</u>
EXCESS OF REVENUES OVER EXPENDITURES	166,200	169,400	193,048	23,648
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	865	865
Operating transfers (out)	-	-	(41,404)	(41,404)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(40,539)</u>	<u>(40,539)</u>
NET CHANGES IN FUND BALANCE	166,200	169,400	152,509	(16,891)
FUND BALANCES AT BEGINNING OF YEAR	<u>390,213</u>	<u>390,213</u>	<u>390,213</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 556,413</u>	<u>\$ 559,613</u>	<u>\$ 542,722</u>	<u>\$ (16,891)</u>



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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

DeQuincy, Louisiana

I have audited 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, 2009, which collectively comprise the City's basic financial statements and have issued my report thereon dated March 4, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City of DeQuincy's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of DeQuincy, Louisiana's internal controls over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City's internal control over financial reporting.

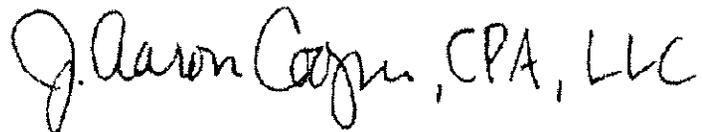
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination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

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of DeQuincy's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

A handwritten signature in black ink that reads "J. Aaron Cooper, CPA, LLC". The signature is written in a cursive style with a large initial "J" and "C".

DeQuincy, Louisiana
March 4, 2010

CITY OF DEQUINCY, LOUISIANA
DeQuincy, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2009

Section I - Summary of Audit Results

Financial Statements

Type of auditors' 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

Federal Awards

N/A

Management Letter

N/A

CITY OF DEQUINCY, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan

For the Year Ended September 30, 2009

SECTION II - FINANCIAL STATEMENT FINDINGS

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
	Current year (09/30/09)					
		Internal Control				
		NONE IDENTIFIED				
		Compliance				
		NONE IDENTIFIED				

CITY OF DEQUINCY, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan- Continued

For the Year Ended September 30, 2009

SECTION II - FINANCIAL STATEMENT FINDINGS

Ref. No.	Fiscal Year Finding Initially Occurred (09/30/08)	Description of Finding	Corrective Action Taken	Current Status Procedures	Name of Contact Person
Internal Control:					
01 - 08 (IC)	9/30/2008	I noted during the course of my audit several of the utility accounts that were significantly past due had not been pursued for collection. Additionally, the City has no formal policy with respect to the collection process, including utility cutoff procedures.	Yes	Past due accounts are down significantly at September 30, 2009. Based on my audit work, which includes inquiries of management, past due accounts are being pursued periodically during the year and several of the customers with financial difficulties have been placed on a repayment plan. FINDING RESOLVED.	Tammy Pinder
02 - 08 (IC)	9/30/2008	I noted during the course of my audit that an invoice was paid twice. The computer system will check invoice numbers to ensure that numbers are only entered once, however, because the City often issues checks from multiple checking accounts to pay a single invoice, the accounts payable clerk has to assign her own invoice number, which decreases the effectiveness of the computer control. The City should consider pooling cash to improve internal control as well as efficiency in the accounts payable process.	Yes	The City has changed the way it processed invoices that are charged to multiple funds. Making interfund transfers allows the City to write only one check for each invoice and significantly reduces the chance that invoices are paid twice. FINDING RESOLVED.	Tammy Pinder
Compliance:					
01 - 08 (C)	9/30/2007	For the year ended September 30, 2008, actual expenditures exceeded budgeted expenditures by more than 5%. State law requires that actual revenue and expenditures fall within 5% of budget. This is a repeat finding.	Yes	The budget was closely monitored during the year and amendments were made accordingly. The budget for September 30, 2009 was in compliance with state law. FINDING RESOLVED.	Tammy Pinder

SECTION III - FEDERAL AWARDS FINDINGS

N/A

SECTION IV - MANAGEMENT LETTER

There was no management letter issued with regards to these engagements.