

CITY OF DERIDDER, LOUISIANA  
ANNUAL FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT  
SEPTEMBER 30, 2014

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Ronald Roberts, Mayor  
and Members of the City Council  
DeRidder, Louisiana

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of DeRidder, Louisiana, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

My responsibility is to express opinions on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of DeRidder, Louisiana as of September 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information, on pages 37-39 be presented to supplement the basic financial statements. Such 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the 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. My opinion on the basic financial statements is not affected by this missing information.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of DeRidder, Louisiana's basic financial statements. The schedule of per diem paid to board members is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of per diem paid to board members 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain addition 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 my opinion, the schedule of per diem paid to board members is 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*, I have also issued my report dated February 18, 2015, on my consideration of the City of DeRidder, Louisiana's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 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 DeRidder, Louisiana's internal control over financial reporting and compliance.



DeRidder, Louisiana  
February 18, 2015

## **BASIC FINANCIAL STATEMENTS**

Statement of Net Position  
September 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,880,121	\$ 3,009,341	\$ 6,889,462
Receivables:			
Franchise taxes	123,136	-	123,136
Alcohol taxes	6,350	-	6,350
Sales taxes	574,522	-	574,522
Accounts	3,083	415,587	418,670
Federal grants	204,075	-	204,075
Local grants	1,000	-	1,000
Due from other funds	150,000	-	150,000
Restricted cash and cash equivalents	-	35,300	35,300
Capital assets, not being depreciated	1,443,103	159,138	1,602,241
Capital assets, being depreciated - net	9,624,057	13,906,351	23,530,408
Total assets	<u>\$ 16,009,447</u>	<u>\$ 17,525,717</u>	<u>\$ 33,535,164</u>
LIABILITIES			
Accounts payable	\$ 260,629	\$ 53,009	\$ 313,638
Salaries payable	58,477	19,500	77,977
Payroll deductions payable	161,082	29,977	191,059
Contracts payable	-	35,300	35,300
Due to other funds	150,000	-	150,000
Long term liabilities:			
Due within one year	125,177	23,005	148,182
Due in more than one year	4,519,914	1,092,905	5,612,819
Total liabilities	<u>\$ 5,275,279</u>	<u>\$ 1,253,696</u>	<u>\$ 6,528,975</u>
NET POSITION			
Net investment in capital assets	\$ 11,067,160	\$ 14,065,489	\$ 25,132,649
Restricted for:			
Sales tax	1,332,489	-	1,332,489
Unrestricted	(1,665,481)	2,206,532	541,051
Total net position	<u>\$ 10,734,168</u>	<u>\$ 16,272,021</u>	<u>\$ 27,006,189</u>
Total liabilities and net position	<u>\$ 16,009,447</u>	<u>\$ 17,525,717</u>	<u>\$ 33,535,164</u>

The accompanying notes are an integral part of this statement.

Statement of Activities  
For the Year Ended September 30, 2014

Program Activities	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government and administration	\$ 1,499,098	\$ 9,889	\$ 9,358	\$ -	\$ (1,479,851)	\$ -	\$ (1,479,851)
Public safety	4,748,893	6,862	90,890	23,097	(4,628,044)	-	(4,628,044)
Public works	2,320,538	14,580	-	50,000	(2,255,958)	-	(2,255,958)
Culture & recreation	214,435	244	2,910	5,804	(205,477)	-	(205,477)
Transit	351,475	40,727	179,056	170,941	39,249	-	39,249
Interest on long term debt	972	-	-	-	(972)	-	(972)
Unallocated depreciation**	32,421	-	-	-	(32,421)	-	(32,421)
Total governmental activities	\$ 9,167,832	\$ 72,302	\$ 282,214	\$ 249,842	\$ (8,563,474)	\$ -	\$ (8,563,474)
Business-type activities:							
Water and sewer	\$ 3,201,074	\$ 2,639,918	\$ -	\$ 32,500	\$ -	\$ (528,656)	\$ (528,656)
Total government	\$ 12,368,906	\$ 2,712,220	\$ 282,214	\$ 282,342	\$ (8,563,474)	\$ (528,656)	\$ (9,092,130)
General revenues:							
Taxes:							
Ad valorem taxes					\$ 713,207	\$ -	\$ 713,207
Sales taxes					6,630,282	-	6,630,282
Insurance premium tax					44,892	-	44,892
Chain store tax					15,210	-	15,210
Franchise tax					601,615	-	601,615
Alcohol tax					23,088	-	23,088
Occupational licenses and permits					611,278	-	611,278
Investment earnings					4,617	4,513	9,130
Gain (Loss) on sale of assets					26,781	-	26,781
Rental income					46,800	-	46,800
Insurance proceeds					6,251	-	6,251
Transfers in					4,368,993	809,496	5,178,489
Transfers out					(4,311,893)	(866,596)	(5,178,489)
					\$ 8,781,121	\$ (52,587)	\$ 8,728,534
					\$ 217,647	\$ (581,243)	\$ (363,596)
Net position at beginning of year					10,516,521	16,853,264	27,369,785
Net position at end of year					\$ 10,734,168	\$ 16,272,021	\$ 27,006,189

\* Unallocated depreciation excludes direct depreciation expenses of the City's various programs

The accompanying notes are an integral part of the statement.

Balance Sheet  
 Governmental Funds  
 September 30, 2014

	Major Funds			Total Governmental Funds
	General	Sales Tax Fund	Street Construction J Fund	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,604,468	\$ 769,977	\$ 1,417,002	\$ 3,791,447
Receivables:				
Franchise taxes	123,136	-	-	123,136
Alcohol taxes	6,350	-	-	6,350
Sales taxes	-	574,522	-	574,522
Accounts receivable	2,545	-	-	2,545
Intergovernmental:				
Federal grants	204,075	-	-	204,075
Local grants	1,000	-	-	1,000
Due from other funds	-	150,000	-	150,000
Total assets	<u>\$ 1,941,574</u>	<u>\$ 1,494,499</u>	<u>\$ 1,417,002</u>	<u>\$ 4,853,075</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 90,010	\$ 118,634	\$ 51,985	\$ 260,629
Salaries payable	44,632	13,845	-	58,477
Payroll deductions payable	131,551	29,531	-	161,082
Due to other funds	150,000	-	-	150,000
Total liabilities	<u>\$ 416,193</u>	<u>\$ 162,010</u>	<u>\$ 51,985</u>	<u>\$ 630,188</u>
Fund Balances:				
Restricted	\$ -	\$ 1,332,489	\$ -	\$ 1,332,489
Committed	-	-	1,365,017	1,365,017
Assigned	1,377,069	-	-	1,377,069
Unassigned	148,312	-	-	148,312
Total fund balances	<u>\$ 1,525,381</u>	<u>\$ 1,332,489</u>	<u>\$ 1,365,017</u>	<u>\$ 4,222,887</u>
Total liabilities and fund balances	<u>\$ 1,941,574</u>	<u>\$ 1,494,499</u>	<u>\$ 1,417,002</u>	<u>\$ 4,853,075</u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet  
to Statement of Net Position  
September 30, 2014

Total fund balance - total governmental funds		\$ 4,222,887
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.		10,614,547
Internal service funds are used to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		89,212
Capital assets reported in the proprietary fund but financed with general obligation debt have been transferred to governmental activities in the government wide statement of net position in order to show those assets net of related debt in the net assets section of the government wide statement of net position.		452,613
Long-term liabilities including compensated absences and other post employment benefits are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Due within one year	\$ (125,177)	
Due in more than one year	<u>(4,519,914)</u>	<u>(4,645,091)</u>
Net position of governmental activities		<u>\$ 10,734,168</u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended September 30, 2014

	Major Funds			Total Governmental Funds
	General Fund	Sales Tax Fund	Street Construction J Fund	
Revenues				
Taxes:				
Ad valorem	\$ 713,207	\$ -	\$ -	\$ 713,207
Sales tax	-	6,630,282	-	6,630,282
Insurance premium tax	44,892	-	-	44,892
Chain store tax	15,210	-	-	15,210
Franchise tax	601,615	-	-	601,615
Alcohol tax	23,088	-	-	23,088
Intergovernmental:				
Federal grants	322,816	-	-	322,816
State grants	67,627	-	50,000	117,627
Local grants	82,255	-	-	82,255
Occupational licenses and permits	611,278	-	-	611,278
Fees and charges for services	57,722	14,580	-	72,302
Investment income	1,967	1,077	1,471	4,515
Rental income	46,800	-	-	46,800
Donations	9,358	-	-	9,358
Total revenues	<u>\$ 2,597,835</u>	<u>\$ 6,645,939</u>	<u>\$ 51,471</u>	<u>\$ 9,295,245</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended September 30, 2014

	Major Funds			Total Governmental Funds
	General Fund	Sales Tax Fund	Street Construction J Fund	
Expenditures				
Current operating:				
General government	\$ 867,560	\$ 516,909	\$ -	\$ 1,384,469
Public safety	4,033,617	-	-	4,033,617
Public works	-	2,067,395	-	2,067,395
Culture & recreation	133,084	-	-	133,084
Transit	313,673	-	-	313,673
Debt service:				
Principal	55,000	-	-	55,000
Interest and charges	1,328	-	-	1,328
Capital outlay	726,724	90,021	1,054,468	1,871,213
Total expenditures	<u>\$ 6,130,986</u>	<u>\$ 2,674,325</u>	<u>\$ 1,054,468</u>	<u>\$ 9,859,779</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (3,533,151)</u>	<u>\$ 3,971,614</u>	<u>\$ (1,002,997)</u>	<u>\$ (564,534)</u>
Other financing sources (uses)				
Transfer in	\$ 3,606,993	\$ 12,000	\$ 750,000	\$ 4,368,993
Transfer out	(12,000)	(4,299,893)	-	(4,311,893)
Sale of assets	26,781	-	-	26,781
Total other financing sources (uses)	<u>\$ 3,621,774</u>	<u>\$ (4,287,893)</u>	<u>\$ 750,000</u>	<u>\$ 83,881</u>
Net change in fund balance	\$ 88,623	\$ (316,279)	\$ (252,997)	\$ (480,653)
Fund balances at beginning of year	1,436,758	1,648,768	1,618,014	4,703,540
Fund balances at end of year	<u>\$ 1,525,381</u>	<u>\$ 1,332,489</u>	<u>\$ 1,365,017</u>	<u>\$ 4,222,887</u>

(Concluded)

The accompanying notes are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balance of Governmental Funds to the  
Statement of Activities

For the Year Ended September 30, 2014

Net change in fund balances - total governmental funds		\$ (480,653)
Amounts reported for governmental activities in the statement of activities are different because:		
Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		4,467
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		
General fund	726,724	
Sales tax fund	90,021	
Capital projects fund	1,054,468	
Internal service fund	<u>9,970</u>	
		1,881,183
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.		(523,042)
Accrued interest on long term debt is not shown in the governmental funds.		356
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of bond repayments.		55,000
Governmental funds do not report net change in other postemployment benefits (OPEB) obligations. However this obligation does appear in the Statement of Activities since the payable is reported on the Statement of Net Position.		(699,840)
Internal service funds are used by management to charge the costs of certain activities to individual funds.		
The net income of the internal service funds is reported with governmental activities.		<u>(19,824)</u>
Change in net position of governmental activities		<u><u>\$ 217,647</u></u>

The accompanying notes are an integral part of this statement.

Statement of Net Position  
 Proprietary Funds  
 September 30, 2014

	Business-type Activities Enterprise Funds			Governmental Activities
	LCDBG Sewer Project	Water and Sewer	Total	Internal Service Fund
ASSETS				
Current Assets				
Cash and cash equivalents	\$ -	\$ 3,009,341	\$ 3,009,341	\$ 88,674
Receivables:				
Accounts	-	415,587	415,587	538
Total current assets	<u>\$ -</u>	<u>\$ 3,424,928</u>	<u>\$ 3,424,928</u>	<u>\$ 89,212</u>
Noncurrent Assets				
Restricted cash and cash equivalents	\$ -	\$ 35,300	\$ 35,300	\$ -
Capital assets not being depreciated	-	159,138	159,138	-
Capital assets being depreciated - net	-	14,358,964	14,358,964	-
Total noncurrent assets	<u>\$ -</u>	<u>\$ 14,553,402</u>	<u>\$ 14,553,402</u>	<u>\$ -</u>
Total assets	<u>\$ -</u>	<u>\$ 17,978,330</u>	<u>\$ 17,978,330</u>	<u>\$ 89,212</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Net Position  
 Proprietary Funds  
 September 30, 2014

	Business-type Activities Enterprise Funds			Governmental Activities
	LCDBG Sewer Project	Water and Sewer	Total	Internal Service Fund
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ -	\$ 53,009	\$ 53,009	\$ -
Salaries payable	-	19,500	19,500	-
Payroll deductions payable	-	29,977	29,977	-
Other postemployment benefits	-	23,005	23,005	-
Total current liabilities	<u>\$ -</u>	<u>\$ 125,491</u>	<u>\$ 125,491</u>	<u>\$ -</u>
Liabilities payable from restricted assets				
Contracts payable	<u>\$ -</u>	<u>\$ 35,300</u>	<u>\$ 35,300</u>	<u>\$ -</u>
Noncurrent Liabilities				
Customer deposits	\$ -	\$ 156,923	\$ 156,923	\$ -
Compensated absences	-	233,515	233,515	-
Other postemployment benefits	-	702,467	702,467	-
Total noncurrent liabilities	<u>\$ -</u>	<u>\$ 1,092,905</u>	<u>\$ 1,092,905</u>	<u>\$ -</u>
Total liabilities	<u>\$ -</u>	<u>\$ 1,253,696</u>	<u>\$ 1,253,696</u>	<u>\$ -</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ -	\$ 14,518,102	\$ 14,518,102	\$ -
Unrestricted	-	2,206,532	2,206,532	89,212
Total net position	<u>\$ -</u>	<u>\$ 16,724,634</u>	<u>\$ 16,724,634</u>	<u>\$ 89,212</u>
Total liabilities and net position	<u>\$ -</u>	<u>\$ 17,978,330</u>	<u>\$ 17,978,330</u>	<u>\$ 89,212</u>

(Concluded)

The accompanying notes are an integral part of this statement.

Reconciliation of the Proprietary Funds Statement of Net Position  
to the Statement of Net Position  
For the Year Ended September 30, 2014

Amounts reported for business-type activities in the statement of net position are different because:

Total net position for proprietary funds statement of net position	\$ 16,724,634
Capital assets reported in the proprietary fund but financed with general obligation debt have been transferred to governmental activities in the government wide statement of net position in order to show those assets net of related debt in the net asset section of the government wide statement of net position.	<u>(452,613)</u>
Net position of business type activities	<u><u>\$ 16,272,021</u></u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenses and Changes in Net Position  
 Proprietary Funds  
 For the Year Ended September 30, 2014

	Business-type Activities Enterprise Funds			Governmental Activities
	LCDBG Sewer Project	Water and Sewer	Total	Internal Service Funds
Operating revenues				
Charges for services	\$ -	\$ 2,639,918	\$ 2,639,918	\$ -
Total operating revenues	\$ -	\$ 2,639,918	\$ 2,639,918	\$ -
Operating expenses				
Personal services	\$ -	\$ 1,403,442	\$ 1,403,442	\$ -
Supplies	-	268,287	268,287	-
Contractual services	-	717,665	717,665	-
Depreciation	-	826,642	826,642	-
Claims	-	-	-	16,207
Capital outlay	-	-	-	9,970
Total operating expenses	\$ -	\$ 3,216,036	\$ 3,216,036	\$ 26,177
Income (loss) from operations	\$ -	\$ (576,118)	\$ (576,118)	\$ (26,177)
Nonoperating revenues (expenses)				
Interest income	\$ -	\$ 4,513	\$ 4,513	\$ 102
Insurance proceeds	-	-	-	6,251
Total nonoperating revenues (expenses)	\$ -	\$ 4,513	\$ 4,513	\$ 6,353
Income (loss) before transfers	\$ -	\$ (571,605)	\$ (571,605)	\$ (19,824)
Transfers in	162,812	646,684	809,496	-
Transfers out	(646,684)	(219,912)	(866,596)	-
Capital contributions	-	32,500	32,500	-
Change in net position	\$ (483,872)	\$ (112,333)	\$ (596,205)	\$ (19,824)
Net position at beginning year	483,877	16,836,962	17,320,839	109,036
Residual equity transfer	(5)	5	-	-
Net position at end of year	\$ -	\$ 16,724,634	\$ 16,724,634	\$ 89,212

The accompanying notes are an integral part of this statement.

Reconciliation of the Statement of Revenues,  
Expenses, and Changes in Net Position  
of Proprietary Funds to the Statement of Activities

For the Year Ended September 30, 2014

Net change in net position - total proprietary funds	\$ (596,205)
Depreciation on capital assets reported in the proprietary fund but financed with general obligation debt has been transferred to governmental activities in the government wide statement of activities.	<u>14,962</u>
Change in net position of proprietary activities	<u><u>\$ (581,243)</u></u>

The accompanying notes are an integral part of this statement.

Statement of Cash Flows  
Proprietary Fund  
For the Year Ended September 30, 2014

	Business-type Activities Enterprise Funds			Governmental Activities
	LCDBG Sewer Project	Water and Sewer	Total	Internal Service Fund
Cash flows from operating activities:				
Cash received from customers	\$ -	\$ 2,501,038	\$ 2,501,038	\$ -
Cash payments to suppliers for goods and services	-	(982,334)	(982,334)	(24,826)
Cash payments for employee services and employee related fringe benefits	-	(1,246,558)	(1,246,558)	-
Net cash provided (used) by operating activities	<u>\$ -</u>	<u>\$ 272,146</u>	<u>\$ 272,146</u>	<u>\$ (24,826)</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	\$ 162,812	\$ 5	\$ 162,817	\$ -
Transfers out to other funds	(5)	(219,912)	(219,917)	-
Insurance proceeds	-	-	-	6,251
Net cash provided (used) for noncapital financing activities	<u>\$ 162,807</u>	<u>\$ (219,907)</u>	<u>\$ (57,100)</u>	<u>\$ 6,251</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	\$ (103,573)	\$ (318,471)	\$ (422,044)	\$ -
Contracts paid	(245,939)	-	(245,939)	-
Grant revenue received	186,700	32,500	219,200	-
Net cash provided (used) for capital and related financing activities	<u>\$ (162,812)</u>	<u>\$ (285,971)</u>	<u>\$ (448,783)</u>	<u>\$ -</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Cash Flows  
Proprietary Fund  
For the Year Ended September 30, 2014

	Business-type Activities Enterprise Funds			Governmental Activities
	LCDBG Sewer Project	Water and Sewer	Total	Internal Service Fund
Cash flows from investing activities:				
Interest on cash management activities:	\$ -	\$ 4,513	\$ 4,513	\$ 102
Net increase (decrease) in cash and cash equivalents	\$ (5)	\$ (229,219)	\$ (229,224)	\$ (18,473)
Cash and cash equivalents, beginning of year	5	3,273,860	3,273,865	107,147
Cash and cash equivalents, end of year	\$ -	\$ 3,044,641	\$ 3,044,641	\$ 88,674
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ -	\$ (576,118)	\$ (576,118)	\$ (26,177)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	\$ -	\$ 826,642	\$ 826,642	\$ -
Increase (decrease) in accounts receivable	-	(139,842)	(139,842)	1,351
Decrease in accounts payable	-	(23,465)	(23,465)	-
Increase in contracts payable	-	1,200	1,200	-
Increase in salaries payable	-	19,500	19,500	-
Increase in employee benefits payable	-	1,479	1,479	-
Increase in customer deposits	-	962	962	-
Increase in compensated absences payable	-	6,031	6,031	-
Decrease in prepaid insurance	-	25,883	25,883	-
Increase in other postemployment benefits payable	-	129,874	129,874	-
Total adjustments	\$ -	\$ 848,264	\$ 848,264	\$ 1,351
Net cash provided (used) by operating activities:	\$ -	\$ 272,146	\$ 272,146	\$ (24,826)
				(Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

City of DeRidder, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended September 30, 2014

**INTRODUCTION**

The City of DeRidder was incorporated under the provisions of the Lawrason Act. The City operates under a Mayor-City Council form of government under a home rule charter.

The accounting and reporting policies of the City of DeRidder conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The City is located within Beauregard Parish in the southwestern part of the State of Louisiana and is comprised of approximately 10,500 residents. The governing board is composed of seven elected council members that are compensated for regular and special board meetings. There are approximately one hundred-twenty employees who provide various services to the residents. The City maintains approximately 74 miles of roadways within the city limits.

The City maintains various funds that provide services and benefits to the residents. The general fund provides police and fire protection, and culture and recreational activities. The sales tax fund provides public works of highway and street maintenance and solid waste collection and disposal. The utility fund provides water and sewer services to approximately 4,100 residents. Other funds are established as needed for specific projects undertaken by the City.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

Blended Components Units

Component units that are legally separate from the municipality, but are so intertwined with the municipality that they are, in substance, the same as the municipalities are blended component units. For a component unit to be blended, the organization's board and the municipality must be substantially the same, or the organization must provide services entirely to the municipality and blended with the appropriate municipality funds:

The City of DeRidder had no blended component units as of September 30, 2014.

Discretely Presented Component Units

Component units that are legally separate from the municipality, but are financially accountable to the municipality, or whose relationship with the municipality are such that exclusion would cause the municipality's financial statements to be misleading or incomplete are discretely presented.

The City of DeRidder had no discretely presented component units as of September 30, 2014.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the funds financial statements.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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 related 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Fund

The Sales Tax Fund accounts for and reports sales tax revenues that are legally restricted to expenditures for specific purposes.

Capital Projects Funds

The Street Construction J Fund is used to account for and report financial resources that are committed to expenditures for capital outlays including the acquisition or construction of capital facilities or other capital assets.

Notes to the Financial Statements (Continued)

The municipality reports the following major proprietary funds:

The Proprietary Fund accounts for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

LCDBG Sewer Project Fund

The LCDBG Sewer Project Fund accounts for and reports financial resources that are restricted to expenditures for sewer improvements within the city limits.

Additionally, the government reports the following fund types:

Internal Service Funds account for services provided to other departments and agencies of the municipality, or to other governments, on a cost reimbursement basis.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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. Charges for services of providing water and sewer services to residents comprise the operating revenue of the City's enterprise fund. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The city has not established a policy for use of the unrestricted fund balance, therefore it considers committed fund balances to be used first, then assigned fund balances to be used next and finally the unassigned fund balance will be used.

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

### **C. Deposits and Investments**

The municipality's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits and short-term investments with original maturities of three months or less from the date of acquisition. State law and the municipality's investment policy allow the municipality to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments for the municipality, as well as for its component units, are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Notes to the Financial Statements (Continued)

**D. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

The City levies taxes on real and business personal property located within the boundaries of the City. Property taxes are levied by the City on property values assessed by the Beauregard Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Beauregard Parish Sheriff and Ex-Officio Tax Collector bills and collects property taxes for the City. Collections are remitted to the City monthly. The City recognizes property tax revenues when levied.

Property Tax Calendar	
Assessment date	January 1, 2013
Levy date	June 30, 2013
Tax bills mailed	October 15, 2013
Total taxes are due	December 31, 2013
Penalties & interest due	January 31, 2014
Lien date	January 31, 2014
Tax sale	May 31, 2014

For the year ended September 30, 2014, taxes of 10.41 mills were levied on property with an assessed valuation totaling \$66,305,797, and were dedicated as follows:

	Authorized Millage	Levied Millage	Expiration Date
Taxes due for:			Renewed
General corporate tax	7.66	7.66	Annually
Police/Fire capital improvements	2.75	2.75	9/30/2015

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes are collected and remitted by the local sheriff, if taxes are not paid, a sheriff’s sale is held and the property is sold to satisfy the taxes due on the property. Due to this, the majority, if not all property taxes are collected, therefore no allowance account for uncollectibles has been established.

The following are the principal taxpayers and related property tax revenue for the municipality:

Taxpayer	Type of Business	Assessed Valuation	% of Total Assessed Valuation	Ad Valorem Tax Revenue for Municipality
Meadwestvaco	Manufacturer	\$ 7,232,064	10.91%	\$ 75,286

*Sales Taxes*

The City of DeRidder receives a 1% sales and use tax that is dedicated to constructing, paving, resurfacing and improving streets, sidewalks and bridges; constructing and improving drains and subsurface drainage; and for the

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

purpose of defraying the maintenance expenses thereof; constructing, acquiring and improving public parks and recreational facilities and purchasing and acquiring the necessary land, equipment and furnishing thereof. In addition, it provides funds for the retirement of all public improvement bonds. This tax is for an indefinite period.

An additional 1% sales tax, for a twenty year period ending December 31, 2032, is dedicated and used for the following purposes:

41% for constructing, improving, repairing, operating and maintaining public buildings, public streets and sidewalks; drains and drainage facilities; garbage and solid waste collection and disposal facilities; paying the cost of other public services, including grass cutting; and paying the cost of improving or extending city utilities to encourage and induce the location of or additions to industrial enterprises having economic impact upon the city;

55% to pay the cost of providing public safety and fire and police protection services and improving, repairing, operating and maintaining sewers and sewerage collection and disposal works, including the acquisition of furnishings and equipment for any of said purposes;

4% to pay the cost of constructing, improving, repairing, operating and maintaining public parks and recreational facilities and purchasing and acquiring the necessary land, equipment and furnishing thereof. In addition, it provides funds for the retirement of all public improvement bonds.

The City of DeRidder also collects a ¼% sales and use tax with the proceeds to be dedicated and used solely for the purpose of supplementing the salaries and benefits of policemen and firemen and improving police and fire protection facilities, including the acquisition of equipment and vehicles for such purpose. This tax has no term limit.

**E. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**F. Restricted Assets**

Certain resources in the enterprise fund have been set aside for the LCDBG Sewer Project of the City. These resources are classified as restricted assets because their use is limited.

A payment of \$100 per month is deposited into a State of Louisiana reimbursement account. The account was established to reimburse the state their cost associated with the widening of Highway 171 in prior years. This account is restricted and may be called by the state at their discretion.

**G. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$5,000 or more for capitalizing capital assets. According to GASB 34 the City of DeRidder was not required to retroactively report infrastructure assets in its financial statements, therefore, these assets have not been reported in the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense included during the current fiscal year was \$0. No interest was included as part of the cost of capital assets under construction in connection with the City's construction projects.

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

All capital assets, other than land and work in progress, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Roads, bridges, and infrastructure	40-50 years
Land improvements	20-50 years
Buildings and building improvements	20-50 years
Furniture and fixtures	5-15 years
Vehicles	5-10 years
Equipment	3-15 years

**H. Compensated Absences**

The City of DeRidder's recognition and measurement criterion for compensated absences follows:

On July 1, 1996, the City enacted new legislation concerning sick leave pay and unpaid vacation. Full time employees earn vacation leave at varying rates depending upon length of service, which also may be accumulated up to a maximum of 160 days. Upon death, retirement, or separation of service from the City, an employee may receive their entire accumulated sick leave pay if he chooses to draw it out over regular pay periods. If the employee chooses to receive the pay in a lump sum he will receive 50% of the accumulated pay. In addition, upon retirement, unused sick leave is used in the retirement benefit computation as earned service.

On March 28, 1994, the sick leave policy was amended to reflect that each employee of the City would receive 4 hours of sick leave per pay period (13 days per year). As an exception, firemen working 53 hours per week will receive 10 hours of sick leave per month. Upon termination (voluntary or involuntary) an employee will receive full pay for accumulated sick leave not to exceed a 60-day limit (480 hours) with payment made by an installment plan based on the hourly rate at retirement.

No sick leave credit hours accumulated under the old sick leave policy will be lost. Upon retirement or termination, remuneration will be made to those employees who have accrued sick leave under the old policy. This payment will be made in installments and capped at the hourly rate as of December 31, 1993.

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following termination approaches:

1. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
2. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the

Notes to the Financial Statements (Continued)

account “compensated absences payable” in the fund from which the employees who accumulated leave are paid. The noncurrent portion of the liability is not reported.

**I. Long-Term Obligations**

In the government-wide financial statements, and the proprietary funds types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**J. Fund Balances**

**Nonspendable** The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

**Restricted** Amounts that are restricted to specific purposes should be reported as *restricted fund balance*. Fund balance should be reported as restricted when constraints placed on the use of resources are either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.

**Committed** Committed fund balance classifications include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city’s highest level of decision making authority.

**Assigned** Assigned fund balance classifications include amounts that have been constrained to being used for specific purposes by actions taken by the government itself. However, the authority for making an assignment is not required to be the government’s highest level of decision making authority.

**Unassigned** Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

**K. Restricted Net Position**

For government-wide statement of net position, net position is reported as restricted when constraints placed on net position use either:

- 1. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations or other governments; or
- 2. Imposed by law through constitutional provisions or enabling legislation.

Notes to the Financial Statements (Continued)

**L. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

**M. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*BUDGET INFORMATION* The municipality uses the following budget practices:

1. The Director of Finance submits to the Mayor and City Council a proposed operating budget no later than fifteen days prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and the means of financing them. For the fiscal year beginning October 1, 2013 and ending September 30, 2014, the budget was submitted to the City Council on September 9, 2013, and the public hearing was called for. After the public hearing was held, the budget was adopted by ordinance of the City Council.
2. Budgetary appropriations lapse at the end of each fiscal year.
3. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council.
4. Amendments to the budget are approved by the City Council by a formal adoption of an ordinance. The original budget is amended as necessary and all amendments are reflected in the budget comparisons in the financial statements.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Formal budgetary integration is not employed in the Debt Service Funds because effective budgetary control is alternatively achieved through bond indenture provisions.

*EXCESS OF EXPENDITURES OVER APPROPRIATIONS* The following individual funds had actual expenditures over budgeted appropriations for the year ended September 30, 2014:

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$ 5,957,900	\$ 5,933,800	\$ 6,086,354	\$ 152,554
Sales Tax Fund	2,719,600	2,643,200	2,660,480	17,280

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

**3. CASH AND CASH EQUIVALENTS**

At September 30, 2014, the municipality has cash and cash equivalents (book balances) totaling \$6,924,762 as follows:

Demand deposits	\$ 80,829
Time deposits	168,756
Money market investment accounts	6,674,827
Petty cash	350
Total	<u>\$ 6,924,762</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the 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. These 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, 2014, the municipality has \$6,971,401 in deposits (collected bank balances). These deposits are secured from risk by \$1,284,051 of federal deposit insurance and \$5,687,350 of pledged securities held by an unaffiliated bank of the pledgor bank. These deposited pledged securities are deemed by law to be under the control and possession and in the name of the city and are therefore properly collateralized.

**4. RECEIVABLES**

The receivables of \$1,327,753 at September 30, 2014, are as follows:

<u>Class of receivable</u>	<u>General Fund</u>	<u>Proprietary Funds</u>	<u>Special Revenue Fund</u>	<u>Internal Service Fund</u>	<u>Total</u>
Taxes:					
Franchise	\$ 123,136	\$ -	\$ -	\$ -	\$ 123,136
Alcohol	6,350	-	-	-	6,350
Federal grants	204,075	-	-	-	204,075
Local grants	1,000	-	-	-	1,000
Accounts	2,545	415,587	-	538	418,670
Sales taxes	-	-	574,522	-	574,522
Total	<u>\$ 337,106</u>	<u>\$ 415,587</u>	<u>\$ 574,522</u>	<u>\$ 538</u>	<u>\$ 1,327,753</u>

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

**5. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended September 30, 2014, for the primary government is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 912,862	\$ 10,000	\$ -	\$ 922,862
Work in progress	331,366	1,554,260	1,365,385	520,241
Total capital assets not being depreciated	<u>1,244,228</u>	<u>1,564,260</u>	<u>1,365,385</u>	<u>1,443,103</u>
Capital assets being depreciated				
Buildings	3,921,477	29,091	-	3,950,568
Improvements other than buildings	5,278,073	1,517,385	-	6,795,458
Furniture and fixtures	1,092	-	-	1,092
Machinery and equipment	1,567,939	87,381	44,359	1,610,961
Guns	14,882	3,595	-	18,477
Vehicles	2,164,344	71,007	-	2,235,351
Utility fund asset	598,493	-	-	598,493
Total capital assets being depreciated	<u>13,546,300</u>	<u>1,708,459</u>	<u>44,359</u>	<u>15,210,400</u>
Less accumulated depreciation for:				
Buildings	1,208,271	91,339	-	1,299,610
Improvements other than buildings	963,675	178,735	-	1,142,410
Furniture and fixtures	1,092	-	-	1,092
Machinery and equipment	1,242,771	77,483	33,470	1,286,784
Guns	4,807	1,522	-	6,329
Vehicles	1,529,975	174,263	-	1,704,238
Utility fund asset	130,918	14,962	-	145,880
Total accumulated depreciation	<u>5,081,509</u>	<u>538,304</u>	<u>33,470</u>	<u>5,586,343</u>
Total capital assets being depreciated, net	<u>\$ 8,464,791</u>	<u>\$ 1,170,155</u>	<u>\$ (10,889)</u>	<u>\$ 9,624,057</u>

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 57,221	\$ -	\$ -	\$ 57,221
Construction in progress	632,589	217,631	748,303	101,917
Total capital assets not being depreciated	<u>689,810</u>	<u>217,631</u>	<u>748,303</u>	<u>159,138</u>
Capital assets being depreciated				
Utility plant and improvements	33,444,049	924,743	31,162	34,337,630
Furniture and equipment	58,569	26,225	-	84,794
Vehicles	221,950	23,822	15,261	230,511
Total capital assets being depreciated	<u>33,724,568</u>	<u>974,790</u>	<u>46,423</u>	<u>34,652,935</u>
Less accumulated depreciation for:				
Utility plant and improvements	19,710,943	798,121	9,088	20,499,976
Furniture and equipment	58,041	874	-	58,915
Vehicles	190,269	12,685	15,261	187,693
Total accumulated depreciation	<u>19,959,253</u>	<u>811,680</u>	<u>24,349</u>	<u>20,746,584</u>
Total business-type assets being depreciated, net	<u>\$ 13,765,315</u>	<u>\$ 163,110</u>	<u>\$ (22,074)</u>	<u>\$ 13,906,351</u>

Depreciation expense of \$508,080 for the year ended September 30, 2014, was charged to the following governmental functions:

Public works	\$ 160,110
Public safety	176,683
General administration	36,269
Recreation	81,351
Transit	21,246
Unallocated	32,421
Total	<u>\$ 508,080</u>

**6. CONSTRUCTION COMMITMENTS**

The municipality has active construction projects as of September 30, 2014. The City had the following construction projects. The Transit Garage Project provides a garage to house the Louisiana transit vans. The Bilbo/Roberts Street Drainage provides for improved drainage in the subdivision. The Multi Recreational Complex provides for a new swimming pool and other recreation. The Courthouse Drainage provides for improved drainage around the courthouse. The Community Cemetery Project provides upgrades to the cemetery. The Shop Building Project provides a new shop building to service police, fire, streets and utilities. At year-end the commitments with contractors were as follows:

Projects	Spent to Date	Remaining Commitment
Transit Garage	\$ 246,250	\$ 164,656
Multi Recreational Complex	120,611	2,214,879
Courthouse Drainage	1,992	2,764
Bilbo/Roberts Street Drainage	26,097	384,000
Community Cemetery Project	725	25,000
Shop Building	226,483	189,046

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

**7. INTERFUND TRANSFERS**

	<u>Transfer in</u>	<u>Transfer out</u>
Capital project fund	\$ 750,000	\$ -
General fund	3,606,993	12,000
Proprietary funds	809,496	866,596
Special revenue fund	12,000	4,299,893
Total	<u>\$ 5,178,489</u>	<u>\$ 5,178,489</u>

Transfers out of the special revenue sales tax fund are made to other various funds as required by law. Other transfers are made between funds as needed for certain financing activities.

**8. ACCOUNTS AND OTHER PAYABLES**

The payables of \$640,979 at September 30, 2014, are as follows:

	<u>General Fund</u>	<u>Proprietary Funds</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
Salaries	\$ 44,632	\$ 19,500	\$ 13,845	\$ -	\$ 77,977
Withholdings	131,551	29,977	29,531	-	191,059
Accounts	90,010	53,009	118,634	51,985	313,638
Other postemployment benefits	-	23,005	-	-	23,005
Contracts	-	35,300	-	-	35,300
Total	<u>\$ 266,193</u>	<u>\$ 160,791</u>	<u>\$ 162,010</u>	<u>\$ 51,985</u>	<u>\$ 640,979</u>

**9. DUE TO/FROM OTHER FUNDS**

	<u>Due to</u>	<u>Due from</u>
General fund	\$ 150,000	\$ -
Special revenue fund	-	150,000
Total	<u>\$ 150,000</u>	<u>\$ 150,000</u>

The general fund needed some short term cash and borrowed this amount from the sales tax fund. As of the audit report date the funds had been repaid to the sales tax fund.

**10. LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended September 30, 2014.

	<u>Proprietary Fund</u>			
	<u>Compensated Absences</u>	<u>Other Postemployment Benefits</u>	<u>Customer Deposits</u>	<u>Total</u>
Long-term obligations at beginning of year	\$ 227,484	\$ 595,598	\$ 155,961	\$ 979,043
Additions	68,194	151,114	33,000	252,308
Principal and other payments	-	(21,240)	(32,038)	(53,278)
Compensated absences used	(62,163)	-	-	(62,163)
Long-term obligations at end of year	<u>\$ 233,515</u>	<u>\$ 725,472</u>	<u>\$ 156,923</u>	<u>\$ 1,115,910</u>

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

	Governmental Funds			
	Other			Total
	Compensated Absences	Postemployment Benefits	Bonded Debt	
Long-term obligations at beginning of year	\$ 584,632	\$ 3,365,087	\$ 55,000	\$ 4,004,719
Additions	318,724	826,623	-	1,145,347
Principal and other payments	-	(126,784)	(55,000)	(181,784)
Compensated absences used	(323,191)	-	-	(323,191)
Long-term obligations at end of year	\$ 580,165	\$ 4,064,926	\$ -	\$ 4,645,091

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of September 30, 2014:

	Proprietary Fund			
	Other			Total
	Compensated Absences	Postemployment Benefits	Customer Deposits	
Current portion	\$ -	\$ 23,005	\$ -	\$ 23,005
Long-term portion	233,515	702,467	156,923	1,092,905
Total	\$ 233,515	\$ 725,472	\$ 156,923	\$ 1,115,910

	Governmental Funds		
	Other		Total
	Postemployment Benefits	Compensated Absences	
Current portion	\$ 125,177	\$ -	\$ 125,177
Long-term portion	3,939,749	580,165	4,519,914
Total	\$ 4,064,926	\$ 580,165	\$ 4,645,091

**11. RESTRICTED FUND BALANCES**

The governmental funds had fund balances as follows:

	General Fund	Major Special Revenue Fund	Major Capital Project Street Construction J Fund	Total
Fund Balances:				
Restricted for:				
Sales taxes	\$ -	\$ 1,332,489	\$ -	\$ 1,332,489
Committed to:				
Street construction	-	-	1,365,017	1,365,017
Assigned to:				
Perpetual care	846,532	-	-	846,532
Capital improvements	530,537	-	-	530,537
Unassigned:	148,312	-	-	148,312
Total fund balances	\$ 1,525,381	\$ 1,332,489	\$ 1,365,017	\$ 4,222,887

**12. RETIREMENT SYSTEMS**

Substantially all employees of the City of DeRidder, are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana and the Fire Fighters 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:

A. Municipal Employees Retirement System of Louisiana (System)

*Plan Description.* The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

*Funding Policy.* Under Plan B, members are required by state statute to contribute 5% of their annual covered salary and the City of DeRidder is required to contribute at an actuarially determined rate. The current rate is 9.5% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City of DeRidder are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of DeRidder's contributions to the System under Plan B for the years ending September 30, 2014, 2013 and 2012, were \$145,292, \$126,872, and \$120,209, respectively, equal to the required contributions for each year.

B. Municipal Police Employees Retirement System of Louisiana (System)

*Plan Description.* All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

*Funding Policy.* Plan members are required by state statute to contribute 10% of their annual covered salary and the City of DeRidder is required to contribute at an actuarially determined rate. The current rate is 31.5% of annual covered payroll. The contribution requirements of plan members and the City of DeRidder are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of DeRidder's contributions to the System for the years ending September 30, 2014, 2013 and 2012, were \$359,113, \$344,489, and \$306,259, respectively, equal to the required contributions for each year.

C. Firefighters' Retirement System of Louisiana

*Plan Description.* Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 % of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, P. O. Box 94095, Baton Rouge, LA, 70804; or by calling (225) 925-4060.

*Funding Policy.* Plan members are required by state statute to contribute 10% of their annual covered salary and the City of DeRidder is required to contribute at an actuarially determined rate. The current rate is 29.25% of annual covered payroll. The contribution requirements of plan members and the City of DeRidder are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of DeRidder's contributions to the System for the years ending September 30, 2014, 2013, and 2012, were \$221,299, \$184,151, and \$175,133, respectively, equal to the required contributions for each year.

**13. Postemployment Health Care and Life Insurance Benefits**

The City provides certain continuing health care and life insurance benefits for the City's retired employees. Substantially, all of the City's employees become eligible for these benefits if they reach normal retirement age while working for the City. Those benefits for retirees are provided through Humana, United Healthcare, Delta and Dearborn National whose monthly premiums are paid by the City. The City pays the premiums on a "pay-as-you-go" basis. For the year ended September 30, 2014, there were thirty-three retirees and the costs of their benefits totaled \$148,024.

The City's Annual Required Contributions ("ARC") is an amount actuarially-determined in accordance with GASB 45, which is being implemented prospectively for the year ended September 30, 2014. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize the beginning Unfunded Actuarial Liability ("UAL") over a period of 30 years. A 30 year, closed amortization period has been used with a level-dollar amortization factor. The total ARC for the fiscal year 2014 is \$1,067,120 which consists of normal cost of \$535,874 and amortization of UAL of \$531,246.

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

The following table shows the calculation of the Annual Required Contribution and Net OPEB Obligation. The ARC will be dependent on the discount rate selected and the end of year Net OPEB obligation will need to reflect actual contributions.

<b>Discount Rate</b>	Fiscal Year Ending	
	<u>September 30, 2013</u>	<u>September 30, 2014</u>
<b>Determination of Annual Required Contribution</b>		
Normal Cost at fiscal year end	\$ 535,874	\$ 535,874
Amortization of UAAL	531,246	531,246
Annual Required Contribution (ARC)	<u>\$ 1,067,120</u>	<u>\$ 1,067,120</u>
<b>Determination of Net OPEB Obligation</b>		
Annual Required Contribution	\$ 1,067,120	\$ 1,067,120
Interest on prior year Net OPEB Obligation	123,775	158,427
Adjustment to ARC	(193,607)	(247,809)
Annual OPEB Cost	<u>\$ 997,288</u>	<u>\$ 977,738</u>
Actual Contributions made	(130,983)	(148,024)
Estimated Increase in Net OPEB Obligation	<u>\$ 866,305</u>	<u>\$ 829,714</u>
Net OPEB Obligation - beginning of year	<u>\$ 3,094,380</u>	<u>\$ 3,960,685</u>
Estimated Net OPEB Obligation - end of year	<u>\$ 3,960,685</u>	<u>\$ 4,790,399</u>

The following table shows the estimated annual OPEB cost and net OPEB obligation for the prior 3 years assuming the plan is not prefunded (4% discount rate):

Fiscal Year End	Discount Rate	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/2012	4.00%	\$ 949,052	12.5%	\$ 3,094,380
9/30/2013	4.00%	997,288	13.1%	3,960,685
9/30/2014	4.00%	977,738	15.1%	4,790,399

Utilizing the pay-as-you-go method, the City contributed 15.1% of the annual OPEB cost during 2014.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

City of DeRidder, Louisiana

Notes to the Financial Statements (Concluded)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations. In the September 30, 2014 actuarial valuation, the "Closed Group" method was used, employees and retirees as of the valuation date were used and employees to be hired in the future were not considered. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 6.9% initially, reduced by decrements to an ultimate rate of 4.5% after sixty nine years. The RP-2000 mortality table projected to 2014 using Scale AA was used in the actuarial calculation. An inservice-related turnover scale was used for MERS and FFRS participants and an age-related turnover scale was used for MPERS participants. The remaining amortization period at September 30, 2014 was 24 years.

REQUIRED SUPPLEMENTAL INFORMATION

General Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to GAAP differences over (under)	Actual Amount GAAP Basis
	Original	Final			
Revenues					
Taxes:					
Ad valorem	\$ 705,100	\$ 713,200	\$ 713,208	\$ 8	\$ 713,207
Insurance premium tax	45,000	44,900	44,892	(8)	44,892
Chain store tax	12,400	15,200	15,210	10	15,210
Franchise tax	544,800	593,100	601,615	8,515	601,615
Alcohol tax	23,300	22,400	23,088	688	23,088
Intergovernmental:					
Federal grants	140,000	142,700	322,816	180,116	322,816
State grants	130,000	73,800	67,627	(6,173)	67,627
Local grants	84,000	101,600	84,391	(17,209)	82,255
Occupational licenses and permits	606,500	600,800	611,278	10,478	611,278
Fees and charges for services	41,500	54,500	55,586	1,086	57,722
Investment income	1,900	1,900	1,967	67	1,967
Rental income	52,600	46,800	46,800	-	46,800
Donations	13,500	10,500	9,358	(1,142)	9,358
<b>Total revenues</b>	<b>\$ 2,400,600</b>	<b>\$ 2,421,400</b>	<b>\$ 2,597,836</b>	<b>\$ 176,436</b>	<b>\$ 2,597,835</b>

(Continued)

General Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to GAAP differences over (under)	Actual Amount GAAP Basis
	Original	Final			
Expenditures					
Current operating:					
General government	\$ 892,600	\$ 853,300	\$ 865,614	\$ (12,314)	\$ 867,560
Public safety	4,001,700	3,910,000	3,994,142	(84,142)	4,033,617
Culture & recreation	136,100	133,500	133,084	416	133,084
Transit	289,900	302,900	310,462	(7,562)	313,673
Debt service:					
Principal	55,000	55,000	55,000	-	55,000
Interest and charges	2,100	1,300	1,328	(28)	1,328
Capital outlay	580,500	677,800	726,724	(48,924)	726,724
Total expenditures	<u>\$ 5,957,900</u>	<u>\$ 5,933,800</u>	<u>\$ 6,086,354</u>	<u>\$ (152,554)</u>	<u>\$ 6,130,986</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (3,557,300)</u>	<u>\$ (3,512,400)</u>	<u>\$ (3,488,518)</u>	<u>\$ 23,882</u>	<u>\$ (3,533,151)</u>
Other financing sources (uses):					
Transfers in	\$ 3,511,800	\$ 3,607,000	\$ 3,606,993	\$ (7)	\$ 3,606,993
Transfers out	(12,000)	(12,000)	(12,000)	-	(12,000)
Insurance proceeds	-	2,400	-	(2,400)	-
Gain on sale of assets	20,000	26,600	26,780	180	26,781
Total other financing sources (uses)	<u>\$ 3,519,800</u>	<u>\$ 3,624,000</u>	<u>\$ 3,621,773</u>	<u>\$ (2,227)</u>	<u>\$ 3,621,774</u>
Net change in fund balance	\$ (37,500)	\$ 111,600	\$ 133,255	\$ 21,655	\$ 88,623
Fund balances at beginning of year	1,350,000	1,436,758	1,436,758	-	1,436,758
Fund balances at end of year	<u>\$ 1,312,500</u>	<u>\$ 1,548,358</u>	<u>\$ 1,570,013</u>	<u>\$ 21,655</u>	<u>\$ 1,525,381</u>

(Concluded)

Sales Tax Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to GAAP differences over (under)	Actual Amount GAAP Basis
	Original	Final			
Revenues					
Taxes:					
Sales	\$ 6,200,000	\$ 6,480,600	\$ 6,630,282	\$ 149,682	\$ 6,630,282
Fees and charges for services	14,600	14,600	14,580	(20)	14,580
Investment income	1,600	1,100	1,077	(23)	1,077
Total revenues	<u>\$ 6,216,200</u>	<u>\$ 6,496,300</u>	<u>\$ 6,645,939</u>	<u>\$ 149,639</u>	<u>\$ 6,645,939</u>
Expenditures					
General government	\$ 480,900	\$ 504,900	\$ 512,649	\$ (7,749)	\$ 516,909
Public works	2,106,200	2,064,900	2,057,810	7,090	2,067,395
Capital outlay	132,500	73,400	90,021	(16,621)	90,021
Total expenditures	<u>\$ 2,719,600</u>	<u>\$ 2,643,200</u>	<u>\$ 2,660,480</u>	<u>\$ (17,280)</u>	<u>\$ 2,674,325</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 3,496,600</u>	<u>\$ 3,853,100</u>	<u>\$ 3,985,459</u>	<u>\$ 132,359</u>	<u>\$ 3,971,614</u>
Other financing sources (uses):					
Transfers in	\$ 12,000	\$ 12,000	\$ 12,000	\$ -	\$ 12,000
Transfers out	(4,054,700)	(4,299,900)	(4,299,893)	7	(4,299,893)
Insurance proceeds	-	2,700	-	(2,700)	-
Gain on sale of assets	2,000	-	-	-	-
Total other financing sources (uses)	<u>\$ (4,040,700)</u>	<u>\$ (4,285,200)</u>	<u>\$ (4,287,893)</u>	<u>\$ (2,693)</u>	<u>\$ (4,287,893)</u>
Net change in fund balance	\$ (544,100)	\$ (432,100)	\$ (302,434)	\$ 129,666	\$ (316,279)
Fund balances at beginning of year	1,625,000	1,648,768	1,648,768	-	1,648,768
Fund balances at end of year	<u>\$ 1,080,900</u>	<u>\$ 1,216,668</u>	<u>\$ 1,346,334</u>	<u>\$ 129,666</u>	<u>\$ 1,332,489</u>

Other Postemployment Benefits (OPEB)  
 Funding Schedule  
 For the Year Ended September 30, 2014

Schedule of Funding Progress (4.0% discount rate)

Actuarial Valuation Date	Actuarial Value of Assets	Discount Rate	Actuarial Accrued Liabilities (AAL) (1)	Unfunded Actuarial Accrued Liabilities (UAAL) (2)	Funded Ratio
October 1, 2011	-	4.00%	\$ 8,933,129	\$ 8,933,129	0.0%
October 1, 2012	-	4.00%	8,490,793	8,490,793	0.0%
October 1, 2013	-	4.00%	8,490,793	8,490,793	0.0%

(1) Actuarial Accrued Liability for 2014 determined under the projected unit credit cost method.

(2) Actuarial Accrued Liability less Actuarial Value of Assets.

OTHER SUPPLEMENTAL SCHEDULES

Schedule of Compensation of Board Members  
 For the Fiscal Year Ended September 30, 2014

Vincent Labue	\$	7,200
Hayward Steele		7,200
Faith Thomas		7,200
Gordon Jenkins		7,200
Robert Rice		5,400
Joseph Siciliano		5,400
Elizabeth Granger (President)		7,200
Keith Hooper		1,800
Kimaron Moore		1,800
		<hr/>
	\$	50,400
		<hr/>

Schedule of Compensation, Benefits and  
Other Payments to Agency Head  
For the Fiscal Year Ended September 30, 2014

Mayor Ronald Roberts

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 62,208
Benefits - dental insurance	738
Benefits - retirement	5,569
Benefits - deferred compensation	2,600
Car allowance	5,781
Vehicle provided by government	N/A
Per diem	N/A
Reimbursements	N/A
Travel	246
Registration fees	75
Conference travel	365
Continuing professional education fees	N/A
Housing	N/A
Unvouchered expenses	N/A
Special meals	N/A

OTHER REPORTS

Schedule of Prior Year Audit Findings  
For the Year Ended September 30, 2014

Finding – Financial Statement Audit

Audit Finding No. 2013-1

Deposits at local bank not collateralized by pledged securities

- Condition: There were \$665,499 of deposits at a local fiscal agent bank that had no federal deposit insurance or securities pledged as collateral.
- Criteria: According to state law any deposit over the Federal Deposit Insurance Corporation's (FDIC) allowed limit must be secured by securities pledged by the fiscal agent bank to the entity as collateral.
- Cause and Condition: When the City's deposits at the local bank exceeded the FDIC coverage limit of \$250,000 it was not noted by the fiscal agent bank and securities were not pledged for the excess. The face amount of the pledged securities plus the FDIC coverage offered by the bank exceeded the amount on deposit by the City but the market value of the pledged securities was much less than the face amount and this caused \$665,499 of the City's deposits to be uncollateralized.
- Effect of Condition: The City had \$665,499 of deposits that had no FDIC coverage or securities pledged to secure these deposits. This is a violation of state law.
- Recommendation: Since this was not known by the city, I recommend that the City closely monitor the pledged securities that are used as collateral and make sure that the market value of the pledged securities is enough to cover deposits at all times. It was noted that as of the audit report release date additional securities with sufficient market values had been pledged by the fiscal agent bank to cover the City's deposits.

Date of initial occurrence – September 30, 2013

Corrective action taken - Yes

Schedule of Current Year Audit Findings and Management's Response  
For the Year Ended September 30, 2014

There were no current year audit findings as of September 30, 2014.

# John A. Windham, CPA

*A Professional Corporation*

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## 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*

The Honorable Ronald Roberts, Mayor  
and the Members of the City Council  
DeRidder, Louisiana

I have audited, in accordance with the 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 the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of DeRidder, Louisiana as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City of DeRidder, Louisiana's basic financial statements, and have issued my report thereon dated February 18, 2015.

### **Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the City of DeRidder, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 DeRidder, Louisiana's internal control. Accordingly, I do not express an opinion on the effectiveness of the City of DeRidder, Louisiana's internal control.

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

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

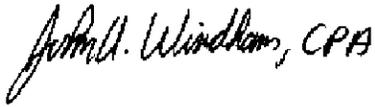
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of DeRidder, Louisiana's financial statements are free from 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*.

The Honorable Ronald Roberts, Mayor  
and Members of the City Council

**Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "John L. Windham, CPA". The signature is written in a cursive style.

DeRidder, Louisiana  
February 18, 2015