

CITY OF DERIDDER, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
SEPTEMBER 30, 2019

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INDEPENDENT AUDITOR'S REPORT

The Honorable Misty Clanton, Mayor
and Members of the City Council
DeRidder, Louisiana

Report on the Financial Statements

We 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, 2019, 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of DeRidder, Louisiana as of September 30, 2019, 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, budgetary comparison information on pages 48-49, schedule of the City's proportionate share of the net pension liability on pages 50-51, schedule of the City's pension contributions on pages 52-53, and schedule of changes in total other post-employment benefits (OPEB) liability and related ratios on page 54 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our 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 compensation of board members, schedule of compensation, benefits and other payments to agency head, and the non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation of board members, schedule of compensation, benefits and other payments to agency head, and the non-major fund financial statements are the responsibility of management and were derived from and relate 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 additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation of board members, the schedule of compensation, benefits and other payments to agency head, and the non-major fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2020, on our consideration of the City of DeRidder, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 4, 2020

BASIC FINANCIAL STATEMENTS

Statement of Net Position
September 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 510,980	\$ 2,066,823	\$ 2,577,803
Receivables:			
Franchise taxes	137,223	-	137,223
Restricted sales tax receivable	575,476	-	575,476
Alcohol taxes	5,520	-	5,520
Accounts	11,119	326,850	337,969
Insurance proceeds	92,200	-	92,200
Federal grants	20,104	-	20,104
Local grants	34,104	-	34,104
Due from other funds	45,036	-	45,036
Restricted cash and cash equivalents	3,503,104	41,300	3,544,404
Capital assets, not being depreciated	1,008,341	298,430	1,306,771
Capital assets, being depreciated - net	14,083,369	11,183,482	25,266,851
Total assets	<u>\$ 20,026,576</u>	<u>\$ 13,916,885</u>	<u>\$ 33,943,461</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	\$ 1,261,271	\$ 165,899	\$ 1,427,170
Other post-employment benefits	2,923,215	714,434	3,637,649
Total deferred outflows of resources	<u>\$ 4,184,486</u>	<u>\$ 880,333</u>	<u>\$ 5,064,819</u>
Total assets and deferred outflows of resources	<u>\$ 24,211,062</u>	<u>\$ 14,797,218</u>	<u>\$ 39,008,280</u>
LIABILITIES			
Accounts payable	\$ 166,321	\$ 29,405	\$ 195,726
Salaries payable	133,840	31,588	165,428
Payroll deductions payable	192,650	40,376	233,026
Contracts payable	45,036	41,300	86,336
Accrued interest payable	2,458	-	2,458
Due to other funds	-	45,036	45,036
Long term debt:			
Due within one year	50,000	-	50,000
Due in more than one year	250,000	-	250,000
Net OPEB obligation	14,455,118	3,532,833	17,987,951
Net pension liability	7,117,596	755,984	7,873,580
Accrued compensated absences	659,968	105,794	765,762
Customer deposits	-	158,914	158,914
Total liabilities	<u>\$ 23,072,987</u>	<u>\$ 4,741,230</u>	<u>\$ 27,814,217</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions	\$ 590,591	\$ 70,493	\$ 661,084
Other post-employment benefits	1,876,073	458,512	2,334,585
Total deferred inflows of resources	<u>\$ 2,466,664</u>	<u>\$ 529,005</u>	<u>\$ 2,995,669</u>
Total liabilities and deferred inflows of resources	<u>\$ 25,539,651</u>	<u>\$ 5,270,235</u>	<u>\$ 30,809,886</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Net Position
September 30, 2019

	Primary Government		Total
	Governmental Activities	Business-type Activities	
NET POSITION			
Net investment in capital assets	\$ 14,791,710	\$ 11,481,912	\$ 26,273,622
Restricted for:			
Sales tax	3,157,678	-	3,157,678
Bond retirement	15,641	-	15,641
Police/Fire capital improvements	701,790	-	701,790
Health reimbursements	39,201	-	39,201
Unrestricted	(20,034,609)	(1,954,929)	(21,989,538)
Total net position	<u>\$ (1,328,589)</u>	<u>\$ 9,526,983</u>	<u>\$ 8,198,394</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 24,211,062</u>	<u>\$ 14,797,218</u>	<u>\$ 39,008,280</u> (Concluded)

The accompanying notes are an integral part of this statement.

Statement of Activities
For the Year Ended September 30, 2019

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		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	\$ 2,075,340	\$ 3,203	\$ 2,346	\$ -	\$ (2,069,791)	\$ -	\$ (2,069,791)
Public safety	5,721,853	44,460	74,940	9,109	(5,593,344)	-	(5,593,344)
Public works	3,016,837	51,110	-	-	(2,965,727)	-	(2,965,727)
Culture & recreation	311,168	-	5,000	3,583	(302,585)	-	(302,585)
Transit	366,567	152,627	126,909	-	(87,031)	-	(87,031)
Interest on long term debt	10,343	-	-	-	(10,343)	-	(10,343)
Unallocated depreciation*	44,895	-	-	-	(44,895)	-	(44,895)
Total governmental activities	\$ 11,547,003	\$ 251,400	\$ 209,195	\$ 12,692	\$ (11,073,716)	\$ -	\$ (11,073,716)
Business-type activities:							
Water and sewer	\$ 4,048,766	\$ 2,526,972	\$ -	\$ 2,000	\$ -	\$ (1,519,794)	\$ (1,519,794)
Total government	\$ 15,595,769	\$ 2,778,372	\$ 209,195	\$ 14,692	\$ (11,073,716)	\$ (1,519,794)	\$ (12,593,510)
General revenues:							
Taxes:							
Ad valorem taxes					\$ 826,029	\$ -	\$ 826,029
Sales taxes					7,703,263	-	7,703,263
Insurance premium tax					45,367	-	45,367
Franchise tax					603,822	-	603,822
Alcohol tax					20,424	-	20,424
Occupational licenses and permits					635,702	-	635,702
Investment earnings					80,245	20,848	101,093
Sale of assets					29,573	-	29,573
Rental income					54,000	-	54,000
Insurance proceeds					109,799	17,617	127,416
Noneemployer pension revenue					212,804	22,784	235,588
Donations					34,838	-	34,838
Gain on disposal of assets					4,745	-	4,745
Transfers in					3,708,542	60,000	3,768,542
Transfers out					(3,713,580)	(54,962)	(3,768,542)
					\$ 10,355,573	\$ 66,287	\$ 10,421,860
					\$ (718,143)	\$ (1,453,507)	\$ (2,171,650)
Net position at beginning of year					(692,066)	10,980,490	10,288,424
Residual equity transfer					81,620	-	81,620
Net position at end of year					\$ (1,328,589)	\$ 9,526,983	\$ 8,198,394

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

The accompanying notes are an integral part of this statement.

Balance Sheet
Governmental Funds
September 30, 2019

	Major Funds				Total Governmental Funds
	General	Sales Tax Fund	Street Construction J Fund	Other Governmental Funds	
ASSETS					
Cash and cash equivalents	\$ 471,774	\$ -	\$ -	\$ 39,206	\$ 510,980
Receivables:					
Franchise taxes	137,223	-	-	-	137,223
Sales taxes	-	575,476	-	-	575,476
Alcohol taxes	5,520	-	-	-	5,520
Accounts receivable	11,119	-	-	-	11,119
Insurance proceeds	92,200	-	-	-	92,200
Intergovernmental:					
Federal grants	20,104	-	-	-	20,104
Local grants	34,104	-	-	-	34,104
Due from other funds	-	-	-	45,036	45,036
Restricted assets - cash	717,431	2,785,673	-	-	3,503,104
Total assets	\$ 1,489,475	\$ 3,361,149	\$ -	\$ 84,242	\$ 4,934,866
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 32,176	\$ 134,145	\$ -	\$ -	\$ 166,321
Contracts payable	-	-	-	45,036	45,036
Salaries payable	101,635	32,205	-	-	133,840
Payroll deductions payable	155,529	37,121	-	-	192,650
Total liabilities	\$ 289,340	\$ 203,471	\$ -	\$ 45,036	\$ 537,847
Fund Balances:					
Restricted	\$ 717,431	\$ 3,157,678	\$ -	\$ 39,201	\$ 3,914,310
Assigned	290,793	-	-	-	290,793
Unassigned	191,911	-	-	5	191,916
Total fund balances	\$ 1,200,135	\$ 3,157,678	\$ -	\$ 39,206	\$ 4,397,019
Total liabilities and fund balances	\$ 1,489,475	\$ 3,361,149	\$ -	\$ 84,242	\$ 4,934,866

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet
to Statement of Net Position
September 30, 2019

Total fund balance - total governmental funds	\$	4,397,019
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.		14,713,907
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds balance sheet.		(2,458)
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.		377,803
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred outflows.		1,261,271
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred inflows.		(590,591)
Other post-employment benefit related changes in net pension liability that are only reported in the Statement of Net Position as deferred outflows.		2,923,215
Other post-employment benefit related changes in net pension liability that are only reported in the Statement of Net Position as deferred inflows.		(1,876,073)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Long term debt	\$	(300,000)
Net OPEB obligation		(14,455,118)
Net pension liability		(7,117,596)
Accrued compensated absences		(659,968)
		<u>(22,532,682)</u>
Net position of governmental activities	\$	<u>(1,328,589)</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, 2019

	Major Funds				Total Governmental Funds
	General Fund	Sales Tax Fund	Street Construction J Fund	Other Governmental Funds	
Revenues					
Taxes:					
Ad valorem	\$ 826,029	\$ -	\$ -	\$ -	\$ 826,029
Sales tax	-	7,703,263	-	-	7,703,263
Insurance premium tax	45,367	-	-	-	45,367
Franchise tax	603,822	-	-	-	603,822
Alcohol tax	20,424	-	-	-	20,424
Intergovernmental:					
Federal grants	133,352	-	-	-	133,352
State grants	2,783	-	-	-	2,783
Local grants	85,752	-	-	-	85,752
Occupational licenses and permits	635,702	-	-	-	635,702
Fees and charges for services	236,820	14,580	-	-	251,400
Investment income	51,531	28,701	-	13	80,245
Rental income	54,000	-	-	-	54,000
Donations	34,838	-	-	-	34,838
Total revenues	\$ 2,730,420	\$ 7,746,544	\$ -	\$ 13	\$ 10,476,977
Expenditures					
Current operating:					
General government	\$ 1,113,296	\$ 680,178	\$ -	\$ 812	\$ 1,794,286
Public safety	4,557,627	-	-	-	4,557,627
Public works	-	2,525,601	-	21	2,525,622
Culture & recreation	164,586	-	-	-	164,586
Transit	288,649	-	-	-	288,649
Debt service:					
Principal	50,000	-	-	-	50,000
Interest and charges	10,752	-	-	-	10,752
Capital outlay	502,173	66,383	-	46,536	615,092
Total expenditures	\$ 6,687,083	\$ 3,272,162	\$ -	\$ 47,369	\$ 10,006,614
Excess (deficiency) of revenues over expenditures	\$ (3,956,663)	\$ 4,474,382	\$ -	\$ (47,356)	\$ 470,363
Other financing sources (uses)					
Transfer in	\$ 3,597,980	\$ 24,000	\$ -	\$ 86,562	\$ 3,708,542
Transfer out	(47,200)	(3,666,380)	-	-	(3,713,580)
Insurance proceeds	109,799	-	-	-	109,799
Sale of assets	32,173	2,295	-	-	34,468
Total other financing sources (uses)	\$ 3,692,752	\$ (3,640,085)	\$ -	\$ 86,562	\$ 139,229
Net change in fund balance	\$ (263,911)	\$ 834,297	\$ -	\$ 39,206	\$ 609,592
Fund balances at beginning of year	1,382,426	1,244,110	1,079,271	-	3,705,807
Residual equity transfer	81,620	1,079,271	(1,079,271)	-	81,620
Fund balances at end of year	\$ 1,200,135	\$ 3,157,678	\$ -	\$ 39,206	\$ 4,397,019

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, 2019

Net change in fund balances - total governmental funds		\$ 609,592
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.		(54,376)
Pension expense is based on employer contributions in the governmental funds, but is an actuarially calculated expense on the Statement of Activities.		(358,125)
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	\$ 502,173	
Sales tax fund	66,383	
Capital projects fund	<u>46,536</u>	
		615,092
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.		(759,323)
Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(150)
Accrued interest on long term debt is not shown in the governmental funds.		409
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.		50,000
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.		(790,254)
During the year the city closed its self insurance fund that had been reported as an internal service fund into the general fund where it had not been shown in the government wide financial statements. This is the net effect of closing the self insurance fund.		<u>(31,008)</u>
Change in net position of governmental activities		<u>\$ (718,143)</u>

The accompanying notes are an integral part of this statement.

Statement of Net Position
Proprietary Funds
September 30, 2019

	Business-type Activities Enterprise Fund	Governmental Activities
	Water and Sewer	Internal Service Fund
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,066,823	\$ -
Receivables:		
Accounts	326,850	-
Total current assets	<u>\$ 2,393,673</u>	<u>\$ -</u>
Noncurrent Assets		
Restricted cash and cash equivalents	\$ 41,300	\$ -
Capital assets not being depreciated	298,430	-
Capital assets being depreciated - net	11,561,285	-
Total noncurrent assets	<u>\$ 11,901,015</u>	<u>\$ -</u>
Total assets	<u>\$ 14,294,688</u>	<u>\$ -</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	\$ 165,899	\$ -
Other post-employment benefits	714,434	-
Total deferred outflows of resources	<u>\$ 880,333</u>	<u>\$ -</u>
Total assets and deferred outflows of resources	<u>\$ 15,175,021</u>	<u>\$ -</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 29,405	\$ -
Salaries payable	31,588	-
Payroll deductions payable	40,376	-
Due to other funds	45,036	-
Total current liabilities	<u>\$ 146,405</u>	<u>\$ -</u>
Liabilities payable from restricted assets		
Contracts payable	<u>\$ 41,300</u>	<u>\$ -</u>
Noncurrent Liabilities		
Customer deposits	\$ 158,914	\$ -
Compensated absences	105,794	-
Other post-employment benefits	3,532,833	-
Net pension liability	755,984	-
Total noncurrent liabilities	<u>\$ 4,553,525</u>	<u>\$ -</u>
Total liabilities	<u>\$ 4,741,230</u>	<u>\$ -</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Net Position
Proprietary Funds
September 30, 2019

	Business-type Activities Enterprise Fund	Governmental Activities
	Water and Sewer	Internal Service Fund
DEFERRED INFLOWS OF RESOURCES		
Pensions	\$ 70,493	\$ -
Other post-employment benefits	458,512	-
Total deferred inflows of resources	\$ 529,005	\$ -
Total liabilities and deferred inflows of resources	\$ 5,270,235	\$ -
NET POSITION		
Net investment in capital assets	\$ 11,859,715	\$ -
Unrestricted	(1,954,929)	-
Total net position	\$ 9,904,786	\$ -
Total liabilities, deferred inflows of resources, and net position	\$ 15,175,021	\$ -

(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, 2019

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	\$ 9,904,786
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>(377,803)</u>
Net position of business-type activities	<u>\$ 9,526,983</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, 2019

	Business-type Activities Enterprise Fund	Governmental Activities
	Water and Sewer	Internal Service Funds
Operating revenues		
Charges for services	\$ 2,526,972	\$ -
Total operating revenues	<u>\$ 2,526,972</u>	<u>\$ -</u>
Operating expenses		
Personal services	\$ 1,616,824	\$ -
Supplies	636,024	-
Contractual services	936,303	-
Depreciation	841,257	-
Bad debts	33,320	-
Total operating expenses	<u>\$ 4,063,728</u>	<u>\$ -</u>
Income (loss) from operations	<u>\$ (1,536,756)</u>	<u>\$ -</u>
Nonoperating revenues (expenses)		
Interest income	\$ 10,697	\$ -
Dividends	10,151	-
Insurance proceeds	17,617	-
Nonemployer pension revenue	22,784	-
Total nonoperating revenues (expenses)	<u>\$ 61,249</u>	<u>\$ -</u>
Income (loss) before contributions and transfers	\$ (1,475,507)	\$ -
Capital contributions	2,000	-
Transfers out	(54,962)	-
Transfers in	<u>60,000</u>	<u>-</u>
Change in net position	\$ (1,468,469)	\$ -
Net position at beginning of year	11,373,255	81,620
Residual equity transfer	-	<u>(81,620)</u>
Net position at end of year	<u>\$ 9,904,786</u>	<u>\$ -</u>

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, 2019

Net change in net position - total proprietary funds	\$ (1,468,469)
Depreciation on 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 activities.	<u>14,962</u>
Change in net position of proprietary activities	<u>\$ (1,453,507)</u>

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
 Proprietary Fund
 For the Year Ended September 30, 2019

	Business-type Activities Enterprises Fund	Governmental Activities
	Water and Sewer	Internal Service Fund
Cash flows from operating activities:		
Cash received from customers	\$ 2,570,256	\$ -
Cash payments to suppliers for goods and services	(1,252,019)	-
Cash payments for employee services and employee related fringe benefits	(1,632,648)	-
Net cash provided (used) by operating activities	\$ (314,411)	\$ -
Cash flows from noncapital financing activities:		
Insurance proceeds	\$ 17,617	\$ -
Nonemployer pension revenue	22,784	-
Other funds	45,036	-
Transfers in	60,000	-
Transfers out	(54,962)	(81,620)
Net cash provided (used) for noncapital financing activities	\$ 90,475	\$ (81,620)
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	\$ (627,759)	\$ -
Capital contributions received	2,000	-
Net cash provided (used) for capital and related financing activities	\$ (625,759)	\$ -
Cash flows from investing activities:		
Interest and dividends on cash management activities	\$ 20,848	\$ -
Net increase (decrease) in cash and cash equivalents	\$ (828,847)	\$ (81,620)
Cash and cash equivalents, beginning of year	2,936,970	81,620
Cash and cash equivalents, end of year	\$ 2,108,123	\$ -

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2019

	Business-type Activities Enterprises Fund	Governmental Activities
	Water and Sewer	Internal Service Fund
Reconciliation of operating loss to net cash used by operating activities		
Operating income (loss)	\$ (1,537,756)	\$ -
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	\$ 841,257	\$ -
Decrease in accounts receivable	41,272	-
Decrease in accounts payable	(28,976)	-
Increase in contracts payable	1,200	-
Increase in employee benefits payable	4,817	-
Increase in customer deposits payable	2,012	-
Increase in compensated absences payable	554	-
Increase in salaries payable	1,671	-
Increase in other post-employment benefits payable	1,222,492	-
Decrease in deferred outflows for pensions	75,006	-
Decrease in net pension liability	(120,278)	-
Increase in deferred inflows for pensions	23,406	-
Increase in deferred outflows for other post-employment benefits payable	(713,434)	-
Decrease in deferred inflows for other post-employment benefits payable	(127,654)	-
Total adjustments	\$ 1,223,345	\$ -
Net cash provided (used) by operating activities:	\$ (314,411)	\$ -

(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, 2019

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 and street construction 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 4,400 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, 2019.

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, 2019.

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 non-fiduciary 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.

Notes to the Financial Statements (Continued)

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 City 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 City.

The City reports the following major governmental funds:

The General Fund is the City'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.

The City reports the following major proprietary fund:

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

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

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.

The City reports the following non-major funds:

Special Revenue Fund – Health Reimbursement Arrangement (HRA) Fund where eligible employees receive healthcare reimbursements for eligible healthcare expenses.

Capital Projects Fund – Louisiana Community Development Block Grant (LCDBG) Fund where LCDBG grant funds are used to construct and repair major fixed asset projects of the City.

Additionally, the City reports the following fund types:

Internal Service Funds account for services provided to other departments and agencies of the City, 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 City's 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 City's policy to use restricted resources first, and then unrestricted resources as they are needed.

C. Deposits and Investments

The City'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.

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."

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

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, 2018
Levy date	June 30, 2018
Tax bills mailed	October 15, 2018
Total taxes are due	December 31, 2018
Penalties & interest due	January 31, 2019
Lien date	January 31, 2019
Tax sale	May 31, 2019

For the year ended September 30, 2019, taxes of 10.41 mills were levied on property with an assessed valuation totaling \$78,387,769, and were dedicated as follows:

	Authorized Millage	Levied Millage	Expiration Date
Taxes due for:			<u>Renewed</u>
General corporate tax	7.66	7.66	Annually
Police/Fire capital improvements	2.75	2.75	12/31/2025

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
Ingevity South Carolina, L.L.C.	Manufacturer	\$ 16,790,547	21.42%	\$ 133,877

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 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.

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

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 general fund have been set aside for the repayment of bonded debt of the City. These resources are classified as restricted assets because their use is limited. Also, the sales tax fund and the HRA Fund are special revenue funds with restricted assets set aside for special purposes. The LCDBG Fund is restricted for grant funds received for capital projects and the HRA Fund is restricted for healthcare cost reimbursements.

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

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. 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.

Notes to the Financial Statements (Continued)

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 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 City itself. However, the authority for making an assignment is not required to be the City'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.

Notes to the Financial Statements (Continued)

K. Net Position

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position – all other net resources that do not meet the definition of “restricted” or “net investment in capital assets”.

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.

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Police Employees' Retirement System (MPERS), the Municipal Employees' Retirement System (MERS) and the Firefighters' Retirement System (FRS) and additions to/deductions from MPERS's, MERS's and FRS's fiduciary net positions have been determined on the same basis as they are reported by MPERS, MERS and FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing MPERS, MERS and FRS. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade date basis. The fiduciary net position is reflected in the measurement of the City's proportionate share of the plans net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense.

Financial reporting information pertaining to the City's participation in the MPERS, MERS and FRS is prepared in accordance with Governmental Accounting Standards Board "GASB" Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which have been adopted by the City for the fiscal year ended September 30, 2019.

Notes to the Financial Statements (Continued)

O. Deferred Outflows/Inflows of Resources

The Statement of Net Position reports a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION: The City 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, 2018 and ending September 30, 2019, the budget was submitted to the City Council on August 27, 2018, 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.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS: The following individual funds have actual expenditures over budgeted appropriations for the year ended September 30, 2019.

Fund	Original Budget	Final Budget	Actual	Unfavorable Variance
General Fund	\$ 6,613,000	\$ 6,631,400	\$ 6,687,083	\$ 55,683
Sales Tax Fund	3,055,700	3,245,300	3,272,162	26,862

3. CASH AND CASH EQUIVALENTS

At September 30, 2019, the City has cash and cash equivalents (book balances) totaling \$6,122,207 as follows:

Demand deposits	\$ 81,797
Time deposits	156,263
Money market investment accounts	5,883,797
Petty cash	350
Total	<u>\$ 6,122,207</u>

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

The cash and cash equivalents of the City of DeRidder, Louisiana are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits. Under state law, the 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 or exceed 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. 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 City that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the City's name.

At September 30, 2019, the City has \$6,269,700 in deposits (collected bank balances). These deposits are secured from risk by \$1,386,481 of federal deposit insurance and \$4,883,219 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 \$1,202,596 at September 30, 2019, are as follows:

<u>Class of receivable</u>	<u>General Fund</u>	<u>Proprietary Funds</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Taxes:				
Franchise	\$ 137,223	\$ -	\$ -	\$ 137,223
Alcohol	5,520	-	-	5,520
Sales	-	-	575,476	575,476
Intergovernmental:				
Federal grants	20,104	-	-	20,104
Local grants	34,104	-	-	34,104
Accounts	11,119	326,850	-	337,969
Insurance proceeds	92,200	-	-	92,200
Total	<u>\$ 300,270</u>	<u>\$ 326,850</u>	<u>\$ 575,476</u>	<u>\$ 1,202,596</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, 2019, for the primary government is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 942,862	\$ -	\$ -	\$ 942,862
Work in progress	62,477	149,953	146,951	65,479
Total capital assets not being depreciated	<u>\$ 1,005,339</u>	<u>\$ 149,953</u>	<u>\$ 146,951</u>	<u>\$ 1,008,341</u>
Capital assets being depreciated				
Buildings	\$ 7,424,123	\$ 241,267	\$ -	\$ 7,665,390
Improvements other than buildings	9,686,044	14,290	-	9,700,334
Machinery and equipment	1,631,932	49,440	21,223	1,660,149
Guns	24,379	793	500	24,672
Vehicles	2,504,115	356,910	153,608	2,707,417
Utility fund asset	598,493	-	-	598,493
Total capital assets being depreciated	<u>\$ 21,869,086</u>	<u>\$ 662,700</u>	<u>\$ 175,331</u>	<u>\$ 22,356,455</u>
Less accumulated depreciation for:				
Buildings	\$ 1,932,104	\$ 179,778	\$ -	\$ 2,111,882
Improvements other than buildings	2,165,647	312,965	-	2,478,612
Machinery and equipment	1,275,151	59,349	21,223	1,313,277
Guns	14,629	2,323	350	16,602
Vehicles	2,095,685	189,946	153,608	2,132,023
Utility fund asset	205,728	14,962	-	220,690
Total accumulated depreciation	<u>\$ 7,688,944</u>	<u>\$ 759,323</u>	<u>\$ 175,181</u>	<u>\$ 8,273,086</u>
Total capital assets being depreciated, net	<u>\$ 14,180,142</u>	<u>\$ (96,623)</u>	<u>\$ (150)</u>	<u>\$ 14,083,369</u>

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

	Beginning Balance	Increase	Decrease	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 57,221	\$ -	\$ -	\$ 57,221
Construction in progress	-	241,209	-	241,209
Total capital assets not being depreciated	<u>\$ 57,221</u>	<u>\$ 241,209</u>	<u>\$ -</u>	<u>\$ 298,430</u>
Capital assets being depreciated				
Utility plant and improvements	\$ 35,779,797	\$ 386,550	\$ -	\$ 36,166,347
Furniture and equipment	84,794	-	-	84,794
Vehicles	334,651	-	-	334,651
Total capital assets being depreciated	<u>\$ 36,199,242</u>	<u>\$ 386,550</u>	<u>\$ -</u>	<u>\$ 36,585,792</u>
Less accumulated depreciation for:				
Utility plant and improvements	\$ 23,909,346	\$ 792,305	\$ -	\$ 24,701,651
Furniture and equipment	69,407	2,623	-	72,030
Vehicles	204,497	46,329	-	250,826
Total accumulated depreciation	<u>\$ 24,183,250</u>	<u>\$ 841,257</u>	<u>\$ -</u>	<u>\$ 25,024,507</u>
Total business-type assets being depreciated, net	<u>\$ 12,015,992</u>	<u>\$ (454,707)</u>	<u>\$ -</u>	<u>\$ 11,561,285</u>

Depreciation expense of \$759,323 for the year ended September 30, 2019, was charged to the following governmental functions:

Public works	\$ 291,964
Public safety	195,675
General administration	42,758
Recreation	146,582
Transit	37,449
Unallocated	44,895
Total	<u>\$ 759,323</u>

6. CONSTRUCTION COMMITMENTS

The City has the following active construction projects as of September 30, 2019. The Lindsey Street Sewer Project is for upgrades to underground sewer lines, the Rock Street Water Main Project is for replacing the water main on Rock Street, the Grit System Project is upgrades to the screw assembly at the sewer plant, the Ampacet Well Project is for installing area turbine pump at the Ampacet water well, the Automatic Gate Project is for replacing a slide gate at the sewer plant, the North Street Bridge Project is for major repairs and upgrades to the North Street bridge, and the Community Facilities Building Renovation Project is for renovations to the Community Facilities Building. At year-end, the commitments with contractors were as follows:

Projects	Spent to Date	Remaining Commitment
Lindsey Street Sewer Project	\$ 56,121	\$ 10,000
Rock Street Water Main Project	17,809	4,000
Grit System Project	122,653	200,000
Ampacet Well Project	40,955	-
Automatic Gate Project	3,671	10,000
North Street Bridge Project	48,479	775,000
Community Facilities Building Renovation Project	17,000	18,000

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

7. INTERFUND TRANSFERS

	<u>Transfer in</u>	<u>Transfer out</u>
HRA fund	\$ 40,000	\$ -
LCDBG fund	46,562	54,962
Utility fund	60,000	47,200
General fund	3,597,980	3,666,380
Sales tax fund	24,000	-
Total	<u>\$ 3,768,542</u>	<u>\$ 3,768,542</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 \$682,974 at September 30, 2019, are as follows:

	<u>General Fund</u>	<u>Proprietary Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
Salaries	\$ 101,635	\$ 31,588	\$ 32,205	\$ -	\$ 165,428
Payroll withholdings	155,529	40,376	37,121	-	233,026
Accounts	32,176	29,405	134,145	-	195,726
Accrued interest	2,458	-	-	-	2,458
Contracts	-	41,300	-	45,036	86,336
Total	<u>\$ 291,798</u>	<u>\$ 142,669</u>	<u>\$ 203,471</u>	<u>\$ 45,036</u>	<u>\$ 682,974</u>

9. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended September 30, 2019.

	<u>Proprietary Fund</u>				<u>Total</u>
	<u>Compensated Absences</u>	<u>Other Postemployment Benefits</u>	<u>Net Pension Liability</u>	<u>Customer Deposits</u>	
Long-term obligations at beginning of year	\$ 105,240	\$ 2,310,341	\$ 876,262	\$ 156,902	\$ 3,448,745
Additions	92,163	1,262,338	-	28,560	1,383,061
Reductions	-	-	(27,586)	-	(27,586)
Principal and other payments	-	(39,846)	(92,692)	(26,548)	(159,086)
Compensated absences used	<u>(91,609)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(91,609)</u>
Long-term obligations at end of year	<u>\$ 105,794</u>	<u>\$ 3,532,833</u>	<u>\$ 755,984</u>	<u>\$ 158,914</u>	<u>\$ 4,553,525</u>

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

	Governmental Funds				
	Compensated Absences	Other Postemployment Benefits	Net Pension Liability	Bonded Debt	Total
Long-term obligations at beginning of year	\$ 605,592	\$ 10,064,275	\$ 6,726,078	\$ 350,000	\$ 17,745,945
Additions	336,666	4,553,881	1,182,401	-	6,072,948
Reductions and adjustments	-	-	-	-	-
Principal and other payments	-	(163,038)	(790,883)	(50,000)	(1,003,921)
Compensated absences used	(282,290)	-	-	-	(282,290)
Long-term obligations at end of year	\$ 659,968	\$ 14,455,118	\$ 7,117,596	\$ 300,000	\$ 22,532,682

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, 2019:

	Proprietary Fund				
	Compensated Absences	Other Postemployment Benefits	Net Pension Liability	Customer Deposits	Total
Current portion	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term portion	105,794	3,532,833	755,984	158,914	4,553,525
Total	\$ 105,794	\$ 3,532,833	\$ 755,984	\$ 158,914	\$ 4,553,525

	Governmental Funds				
	Compensated Absences	Other Postemployment Benefits	Net Pension Liability	Bonded Debt	Total
Current portion	\$ -	\$ -	\$ -	\$ 50,000	\$ 50,000
Long-term portion	659,968	14,455,118	7,117,596	250,000	22,482,682
Total	\$ 659,968	\$ 14,455,118	\$ 7,117,596	\$ 300,000	\$ 22,532,682

Bonded debt is comprised of the following issue at September 30, 2019:

Bonded Debt – Governmental Funds:

\$500,000 Series 2014 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds
Due in annual installments of \$50,000 through December 1, 2024:
Interest at the rate of 3.25%

\$300,000

The annual requirements to amortize all bonds and certificates of indebtedness outstanding at September 30, 2019, for the City of DeRidder is as follows:

Year Ending September 30,	Principal Payments	Interest Payments	Total
2020	\$ 50,000	\$ 8,937	\$ 58,937
2021	50,000	7,312	57,312
2022	50,000	5,687	55,687
2023	50,000	4,062	54,062
2024	50,000	2,437	52,437
2025	50,000	813	50,813
Total	\$ 300,000	\$ 29,248	\$ 329,248

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

In accordance with R.S. 39:562, the City is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At September 30, 2019, the statutory limit is \$27,435,719 and outstanding bonded debt totals \$300,000.

10. FUND BALANCES

The governmental funds had fund balances as follows:

	General Fund	Sales Tax Fund	HRA Fund	LCDBG Fund	Total
Fund Balances:					
Restricted for:					
Sales taxes	\$ -	\$ 3,157,678	\$ -	\$ -	\$ 3,157,678
Bond retirement	15,641	-	-	-	15,641
Police/Fire capital improvements	701,790	-	-	-	701,790
Employee benefit payments	-	-	39,201	-	39,201
Committed to:					
Street construction	-	-	-	-	-
Assigned to:					
Perpetual care	138,671	-	-	-	138,671
Transit services	152,122	-	-	-	152,122
Unassigned:	191,911	-	-	5	191,916
Total fund balances	<u>\$ 1,200,135</u>	<u>\$ 3,157,678</u>	<u>\$ 39,201</u>	<u>\$ 5</u>	<u>\$ 4,397,019</u>

11. 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 Firefighters 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 City 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

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

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 14.00% 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, 2019, 2018 and 2017, were \$244,700, \$245,038, and \$198,513, respectively, equal to the required contributions for each year.

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

At September 30, 2018, the City reported a liability of \$1,995,734 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2019 the City's proportion was 2.281325%, which was a decrease of .205416% from its proportion measured as of June 30, 2018.

For the year ended September 30, 2019, the City recognized pension expense of \$373,918. At September 30, 2019, the City recognized deferred outflows of resources and deferred inflows of resources related to pension from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 88,519
Changes of assumptions	121,659	-
Net difference between projected and actual earnings on pension plan investments	210,199	-
Changes in proportion and differences between City contributions and proportionate share of contributions	48,926	97,577
City contributions subsequent to the measurement date	57,174	-
Total	<u>\$ 437,958</u>	<u>\$ 186,096</u>

The \$57,174 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

Year ended September 30:	
2020	\$ 130,284
2021	18,155
2022	27,989
2023	18,260
Total	<u>\$ 194,688</u>

Actuarial Methods and Assumptions

Net Pension Liability

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The components of the net pension liability of the City of DeRidder for Plan B are as follows:

	<u>Plan B</u> <u>June 30, 2019</u>
Total pension liability	\$ 5,893,859
Plan fiduciary net position	(3,898,125)
City's net pension liability	<u>\$ 1,995,734</u>
 Plan fiduciary net position as a % of the total pension liability	 66.14%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future.

The actuarial assumptions used in the June 30, 2019 valuation was based on the results of an experience study for the period July 2013 through June 30, 2018.

Information on the actuarial valuation and assumptions is as follows:

Valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal Cost
Expected remaining service lives	3 years
Investment rate of return	7.00% net of pension plan investment expense, including inflation
Inflation Rate	2.50%
Salary increases, including inflation and merit increases:	
- 1 to 4 years of service	7.4%
- More than 4 years of service	4.9%

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with full generational MP2018 scale.

Discount Rate

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

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public equity	50.00%	2.15%
Public fixed income	35.00%	1.51%
Alternatives	15.00%	0.64%
Totals	100.00%	4.30%
Inflation		2.70%
Expected Arithmetic Nominal Return		7.00%

The discount rate used to measure the total pension liability was 7.00% for the years ended June 30, 2019. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates which are calculation in accordance with relevant statutes and approval by the Board of Trustees and the Public Retirement System's Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the City of DeRidder calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.00%, or one percentage point higher 8.00% than the current discount rate (assuming all other assumptions remain unchanged):

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

	Changes in Discount Rate:		
	1.00% Decrease 6.00%	Current Discount Rate 7.00%	1.00% Increase 8.00%
Net Pension Liability	\$ 2,659,799	\$ 1,995,734	\$ 1,434,113

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. The Expected Remaining Service Lives (ERSL) for 2019 is 3 years for Plan B.

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 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% and 8% for MPERS and MPERS dispatchers respectively of their annual covered salary and the City of DeRidder is required to contribute at an actuarially determined rate. The current rate is 32.50% and 32.50% for MPERS and MPERS dispatchers respectively 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, 2019, 2018 and 2017, were \$422,659, \$392,552, and \$373,045 respectively, equal to the required contributions for each year.

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

At September 30, 2019, the City reported a liability of \$3,782,899 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2019 the City's proportion was .416542%, which was a decrease of .001425% from its proportion measured as of June 30, 2018.

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

For the year ended September 30, 2019, the City recognized pension expense of \$567,567. At September 30, 2019, the City recognized deferred outflows of resources and deferred inflows of resources related to pension from the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 7,937	\$ 116,383
Changes of assumptions	211,987	-
Net difference between projected and actual earnings on pension plan investments	245,769	-
Changes in proportion and differences between City contributions and proportionate share of contributions	9,028	21,224
City contributions subsequent to the measurement date	99,199	-
Total	<u>\$ 573,920</u>	<u>\$ 137,607</u>

The \$99,199 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2020	\$ 194,332
2021	(8,025)
2022	89,451
2023	61,356
Total	<u>\$ 337,114</u>

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The components of the net pension liability of the City of DeRidder as of June 30, 2019 are as follows:

Total Pension Liability	\$ 13,047,967
Plan Fiduciary Net Pension	(9,265,068)
Total Net Pension Liability	<u>\$ 3,782,899</u>

The actuarial assumptions used in the June 30, 2019 valuation were based on the assumptions used in the June 30, 2019 actuarial funding valuation and were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 are as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal Cost

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

Actuarial Assumptions:

Investment Rate of Return 7.125%, net of investment expense

Expected Remaining

Service Lives 2019 – 4 years
2018 – 4 years
2017 – 4 years
2016 – 4 years

Inflation Rate 2.50%

Salary increases, including inflation and merit

<u>Years of Service</u>	<u>Salary Growth Rate</u>
1 – 2	9.75%
3 – 23	4.75%
Over 23	4.25%

Mortality

RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.

RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.

RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.

Cost-of-Living Adjustments

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	48.50%	3.28%
Fixed income	33.50%	0.80%
Alternatives	18.00%	1.06%
Other	0.00%	0.00%
Totals	100.00%	5.14%
Inflation		2.75%
Expected Nominal Return		7.89%

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

The discount rate used to measure the total pension liability was 7.125%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the City of DeRidder calculated using the discount rate of 7.125%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.125%, or one percentage point higher 8.125% than the current rate as of June 30, 2019:

	Changes in Discount Rate:		
	1.00% Decrease 6.125%	Current Discount Rate 7.125%	1.00% Increase 8.125%
Net Pension Liability	\$ 5,270,825	\$ 3,782,899	\$ 2,534,678

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 27.75% 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, 2019, 2018, and 2017, were \$216,216, \$214,593, and \$212,971, respectively, equal to the required contributions for each year.

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

At September 30, 2019, the City reported a liability of \$2,094,947 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2019, the City's proportion was .334554%, which was a decrease of .007141% from its proportion measured as of June 30, 2018.

For the year ended September 30, 2019, the City recognized pension expense of \$301,477. At September 30, 2019, the City recognized deferred outflows of resources and deferred inflows of resources related to pension from the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 151,118
Changes of assumptions	190,589	152
Net difference between projected and actual earnings on pension plan investments	140,879	-
Changes in proportion and differences between City contributions and proportionate share of contributions	34,559	186,111
City contributions subsequent to the measurement date	49,265	-
Total	<u>\$ 415,292</u>	<u>\$ 337,381</u>

The \$49,265 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:		
2020	\$	61,352
2021		(49,488)
2022		22,856
2023		16,276
2024		(23,968)
2025		1,618
Total		<u>\$ 28,646</u>

Actuarial Methods and Assumptions

The net position liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The components of the net pension liability of the City of DeRidder as of June 30, 2019 are as follows:

Total Pension Liability	\$ 8,046,433
Plan Fiduciary Net Pension	<u>(5,951,486)</u>
Total Net Pension Liability	<u>\$ 2,094,947</u>

The actuarial assumptions used in the June 30, 2019 valuation were based on the assumptions used in the June 30, 2019 actuarial funding valuation, and were based on results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 are as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	7 years, closed period
Investment Rate of Return (discount rate)	7.15% per annum (net of investment expenses, including inflation) (decreased from 7.30% in 2018)
Inflation Rate	2.50% per annum (decreased from 2.700% in 2018)
Salary Increases	Vary from 14.75% in the first two years of service to 4.50% with 25 or more years of service; includes inflation and merit increases.
Cost of Living Adjustments (COLAs)	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. The mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA were selected for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, 2.75%. The resulting long-term expected arithmetic nominal rate of return was 7.94% as of June 30, 2019.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2019 are summarized in the following table:

	Asset Type	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	U.S. Equity	21.50%	5.98%
	Non-U.S. Equity	17.50%	7.52%
	Global Equity	10.00%	6.59%
Fixed Income	Fixed Income	31.00%	2.17%
Alternatives	Real Estate	6.00%	4.14%
	Private Equity	4.00%	10.52%
Multi-Asset Strategies	Global Tactical Asset Allocation	5.00%	4.37%
	Risk Parity	5.00%	4.67%
		<u>100.00%</u>	

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the City of DeRidder calculated using the discount rate of 7.15%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.15%, or one percentage point higher 8.15% than the current rate as of June 30, 2019:

	Changes in Discount Rate:		
	1.00% Decrease 6.15%	Current Discount Rate 7.15%	1.00% Increase 8.15%
Net Pension Liability	\$ 3,033,625	\$ 2,094,947	\$ 1,307,092

12. Other Post-Employment 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, 2019, there were thirty-nine retirees and the costs of their benefits totaled \$202,884.

Relationship Between Valuation Date, Measurement Date, and Reporting Date

The Valuation Date is October 1, 2018. This is the date as of which the actuarial valuation is performed. The Measurement Date is September 30, 2019. This is the date as of which the total OPEB liability is determined. The Reporting Date is September 30, 2019. This is the plan's and/or employer's fiscal year ending date.

Significant Changes

There have been no significant changes between the valuation date and fiscal year end.

Participant Data as of October 1, 2018

Actives	83
Retirees	39
Beneficiaries	-
Spouses of Retirees	13
Total	<u>135</u>

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

	<u>October 1, 2017 to September 30, 2018</u>	<u>October 1, 2018 to September 30, 2019</u>
OPEB Expense		
Service cost	\$ 880,476	\$ 703,377
Interest on total OPEB liability	576,864	542,463
Effect of plan changes	-	-
Recognition of Deferred Inflows/Outflows of Resources:		
Recognition of economic/demographic gains or losses	(390,254)	(390,254)
Recognition of assumption changes or inputs	(414,774)	517,956
OPEB Expense	<u>\$ 652,312</u>	<u>\$ 1,373,542</u>

As of September 30, 2019, the deferred inflows and outflows of resources are as follows:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Deferred Inflows/Outflows of Resources		
Differences between expected and actual experience	\$ 1,131,738	\$ -
Changes of assumptions	1,202,847	3,637,649
Total	<u>\$ 2,334,585</u>	<u>\$ 3,637,649</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other post-employment benefits will be recognized in OPEB expense as follows:

Year ended September 30:	
2020	\$ 127,702
2021	127,702
2022	208,201
2023	839,459
2024	-
Thereafter	-

Total OPEB Liability

	<u>September 30, 2018</u>	<u>September 30, 2019</u>
Total OPEB Liability		
Total OPEB liability	\$ 12,374,616	\$ 17,987,951
Covered payroll	3,888,523	4,267,068
Total OPEB liability as a % of covered payroll	318.23%	421.55%

The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 75.

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

	<u>September 30, 2018</u>	<u>September 30, 2019</u>
Discount rate		
Discount rate	4.18%	2.66%
20 Year Tax-Exempt Municipal Bond Yield	4.18%	2.66%

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Other Key Actuarial Assumptions

The plan has not had a formal actuarial experience study performed.

Valuation date	October 1, 2017	October 1, 2018
Measurement date	September 30, 2018	September 30, 2019
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.30%	2.30%
Medical Trend Rate	See "Actuarial Assumptions" for details	See "Actuarial Assumptions" for details
Salary increases including inflation	3.00%	3.00%

Changes in Total OPEB Liability

	<u>Increase (Decrease) Total OPEB Liability</u>
Changes in Total OPEB Liability	
Balance as of September 30, 2018	\$ 12,374,616
Changes for the year:	
Service cost	703,377
Interest on total OPEB liability	542,463
Effect of plan changes	-
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	-
1. Update mortality table	(29,255)
2. Update discount rate	4,599,634
Net assumption rate	4,570,379
Benefit payments	(202,884)
Balance as of September 30, 2019	<u>\$ 17,987,951</u>

Sensitivity Analysis

The following presents the total OPEB liability of the City of DeRidder, calculated using the discount rate of 2.66%, as well as what the City of DeRidder's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.66%) or 1 percentage point higher (3.66%) than the current rate.

	<u>1.00% Decrease 1.66%</u>	<u>Discount Rate 2.66%</u>	<u>1.00% Increase 3.66%</u>
Total OPEB liability	\$ 22,342,368	\$ 17,987,951	\$ 14,745,732

City of DeRidder, Louisiana

Notes to the Financial Statements (Concluded)

The following presents the total OPEB liability of the City of DeRidder, calculated using the current healthcare cost trend rates as well as what the City of DeRidder's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	<u>1.00% Decrease</u>	<u>Current Trend Rate</u>	<u>1.00% Increase</u>
Total OPEB liability	\$ 14,801,541	\$ 17,987,951	\$ 2,234,660

13. Deferred Compensation

The City of DeRidder offers membership in the State of Louisiana, Public Employees Deferred Compensation Plan, a qualified retirement plan under section 457 of the Internal Revenue Code administered by Great West Life and Annuity Insurance Company.

The Louisiana Deferred Compensation Plan provides state, parish, and municipal employees with the opportunity to invest money on a before-tax basis, using payroll deduction. Participants defer federal and state income tax on their contributions. In addition, interest or earnings on the account accumulates tax-deferred. Participants may join the plan with as little as \$10 per pay period, or \$20 per month, and contribute up to a maximum of 25% of taxable compensation, not to exceed \$18,000 for calendar year 2018 and \$19,000 for calendar year 2019 for those participants under age 50. For participants age 50 and older, the limit is \$24,000 for calendar year 2018 and \$25,000 for calendar year 2019.

A special "catch-up" provision may be used to invest up to \$36,000 per year for the three years prior to retirement. Any amount excluded from gross income through salary reduction under a 403(b) annuity, a 401(k) profit-sharing plan or a Simplified Employee Pension (SEP) is to be treated as amounts deferred under this deferred compensation plan. Participants joining the Plan may choose the amount to contribute and the investment option(s). They may revise their choice at any time, transfer monies to other available investment options and may increase, decrease or stop deferrals at any time. The Plan offers both a guaranteed option and variable investment options, from which participants may select a fund or combination of funds to satisfy their personal investment objectives. Each of the funds has independent investment objectives and utilizes different investment strategies. With the exception of the Great-West Guaranteed Fund, the remaining investments options are variable in nature. Values of the variable options are not guaranteed as to a fixed dollar amount and may increase or decrease according to the investment experience of the underlying portfolio. The expense to administer the Plan is borne by all participants. The administrative fee is based on the investments selected and is assessed on each of the options selected. The variable options also have investment management fees that vary based upon the options chosen. Both the administrative and investment management fees are calculated and deducted daily on a pro-rata basis. There are no annual contract charges or transaction charges. At retirement, 100% of the account value will be applied to any of the following settlement options chosen. These options include among others:

- Periodic payment
- Payments over your lifetime
- Payments for a specific time or amount
- Joint and survivor benefits
- Lump-sum payment
- Any combination of the above option

The Plan is administered by Great-West Life and Annuity Insurance Company; 2237 South Acadian Thruway, Suite 702; Baton Rouge, LA 70808; (800) 937-7604 or (225) 926-8086.

REQUIRED SUPPLEMENTAL INFORMATION

General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Ad valorem	\$ 788,000	\$ 828,700	\$ 826,029	\$ (2,671)
Insurance premium tax	46,000	45,400	45,367	(33)
Chain store tax	17,000	-	-	-
Franchise tax	567,000	603,800	603,822	22
Alcohol tax	22,000	20,500	20,424	(76)
Intergovernmental:				
Federal grants	225,000	133,400	133,352	(48)
State grants	75,000	2,800	2,783	(17)
Local grants	25,500	77,600	85,752	8,152
Occupational licenses and permits	612,100	636,100	635,702	(398)
Fees and charges for services	223,600	225,400	236,820	11,420
Investment income	3,000	5,900	51,531	45,631
Rental income	48,000	54,000	54,000	-
Donations	29,000	35,000	34,838	(162)
Total revenues	<u>\$ 2,681,200</u>	<u>\$ 2,668,600</u>	<u>\$ 2,730,420</u>	<u>\$ 61,820</u>
Expenditures				
Current operating:				
General government	\$ 994,600	\$ 1,011,900	\$ 1,113,296	\$ (101,396)
Public safety	4,476,000	4,511,000	4,557,627	(46,627)
Culture & recreation	188,200	164,600	164,586	14
Transit	305,700	285,800	288,649	(2,849)
Debt service:				
Principal	50,000	50,000	50,000	-
Interest and charges	10,500	10,800	10,752	48
Capital outlay	588,000	597,300	502,173	95,127
Total expenditures	<u>\$ 6,613,000</u>	<u>\$ 6,631,400</u>	<u>\$ 6,687,083</u>	<u>\$ (55,683)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (3,931,800)</u>	<u>\$ (3,962,800)</u>	<u>\$ (3,956,663)</u>	<u>\$ 6,137</u>
Other financing sources (uses):				
Transfers in	\$ 3,326,700	\$ 3,598,000	\$ 3,597,980	\$ (20)
Transfers out	(24,000)	(47,200)	(47,200)	-
Sale of assets	33,000	32,200	32,173	(27)
Insurance proceeds	-	17,600	109,799	92,199
Total other financing sources (uses)	<u>\$ 3,335,700</u>	<u>\$ 3,600,600</u>	<u>\$ 3,692,752</u>	<u>\$ 92,152</u>
Net change in fund balance	\$ (596,100)	\$ (362,200)	\$ (263,911)	\$ 98,289
Fund balances at beginning of year	1,375,000	1,382,426	1,382,426	-
Residual equity transfer	-	81,620	81,620	-
Fund balances at end of year	<u>\$ 778,900</u>	<u>\$ 1,101,846</u>	<u>\$ 1,200,135</u>	<u>\$ 98,289</u>

Sales Tax Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Sales	\$ 6,500,000	\$ 7,703,300	\$ 7,703,263	\$ (37)
Fees and charges for services	14,600	14,600	14,580	(20)
Investment income	1,100	7,900	28,701	20,801
Total revenues	<u>\$ 6,515,700</u>	<u>\$ 7,725,800</u>	<u>\$ 7,746,544</u>	<u>\$ 20,744</u>
Expenditures				
General government	\$ 601,800	\$ 677,000	\$ 680,178	\$ (3,178)
Public works	2,429,900	2,501,900	2,525,601	(23,701)
Capital outlay	24,000	66,400	66,383	17
Total expenditures	<u>\$ 3,055,700</u>	<u>\$ 3,245,300</u>	<u>\$ 3,272,162</u>	<u>\$ (26,862)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 3,460,000</u>	<u>\$ 4,480,500</u>	<u>\$ 4,474,382</u>	<u>\$ (6,118)</u>
Other financing sources (uses):				
Transfers in	\$ 24,000	\$ 24,000	\$ 24,000	\$ -
Transfers out	(3,806,700)	(3,666,400)	(3,666,380)	20
Gain on sale of assets	3,000	2,300	2,295	(5)
Total other financing sources (uses)	<u>\$ (3,779,700)</u>	<u>\$ (3,640,100)</u>	<u>\$ (3,640,085)</u>	<u>\$ 15</u>
Net change in fund balance	\$ (319,700)	\$ 840,400	\$ 834,297	\$ (6,103)
Fund balances at beginning of year	1,250,000	1,244,110	1,244,110	-
Residual equity transfer	-	1,079,271	1,079,271	-
Fund balances at end of year	<u>\$ 930,300</u>	<u>\$ 3,163,781</u>	<u>\$ 3,157,678</u>	<u>\$ (6,103)</u>

Schedule of the City's Proportionate Share of the Net Pension Liability
For the Year Ended September 30, 2019

	September 30, 2015	September 30, 2016	September 30, 2017	September 30, 2018	September 30, 2019
Municipal Employees' Retirement System					
City's proportion of the net pension liability (asset)	2.344638%	2.207840%	2.378633%	2.486741%	2.281325%
City's proportionate share of the net pension liability (asset)	\$ 1,593,625	\$ 1,830,097	\$ 2,058,071	\$ 2,103,365	\$ 1,995,734
City's covered-employee payroll	\$ 1,600,965	\$ 1,633,013	\$ 1,722,642	\$ 1,827,427	\$ 1,747,860
City's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	99.53%	112.07%	119.47%	115.10%	114.18%
Plan fiduciary net position as a percentage of the total pension liability	68.71%	63.34%	63.49%	65.60%	66.14%
Municipal Police Employees' Retirement System					
City's proportion of the net pension liability (asset)	.415793%	.422343%	.415633%	.417967%	.416542%
City's proportionate share of the net pension liability (asset)	\$ 3,257,304	\$ 3,958,544	\$ 3,628,652	\$ 3,533,519	\$ 3,782,899
City's covered-employee payroll	\$ 1,086,385	\$ 1,219,395	\$ 1,179,592	\$ 1,262,063	\$ 1,308,204
City's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	299.83%	324.63%	307.62%	279.98%	289.17%
Plan fiduciary net position as a percentage of the total pension liability	70.73%	66.04%	70.08%	71.89%	71.01%

(Continued)

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of the City's Proportionate Share of the Net Pension Liability
For the Year Ended September 30, 2019

Firefighters' Retirement System	September 30, 2015	September 30, 2016	September 30, 2017	September 30, 2018	September 30, 2019
City's proportion of the net pension liability (asset)	.372604%	.373445%	.376419%	.341695%	.334554%
City's proportionate share of the net pension liability (asset)	\$ 2,010,986	\$ 2,442,668	\$ 2,157,577	\$ 1,965,456	\$ 2,094,947
City's covered-employee payroll	\$ 793,208	\$ 853,016	\$ 834,387	\$ 809,786	\$ 807,535
City's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	253.52%	286.36%	258.58%	242.71%	259.42%
Plan fiduciary net position as a percentage of the total pension liability	72.45%	68.16%	73.54%	74.76%	73.96%

(Concluded)

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of the City's Pension Contributions
For the Year Ended September 30, 2019

	September 30 2015	September 30 2016	September 30 2017	September 30 2018	September 30 2019
Municipal Employees' Retirement System					
Contractually required contribution	\$ 152,092	\$ 161,602	\$ 198,513	\$ 245,038	\$ 244,700
Contributions in relation to the contractually required contribution	<u>152,092</u>	<u>161,602</u>	<u>198,513</u>	<u>245,038</u>	<u>244,700</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,600,965	\$ 1,633,013	\$ 1,722,642	\$ 1,827,427	\$ 1,747,860
Contributions as a percentage of covered-employee payroll	9.50%	9.90%	11.52%	13.41%	14.00%
Municipal Police Employees' Retirement System					
Contractually required contribution	\$ 337,348	\$ 368,468	\$ 373,045	\$ 392,552	\$ 422,659
Contributions in relation to the contractually required contribution	<u>337,348</u>	<u>368,468</u>	<u>373,045</u>	<u>392,552</u>	<u>422,659</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,086,385	\$ 1,219,395	\$ 1,179,592	\$ 1,262,063	\$ 1,308,204
Contributions as a percentage of covered-employee payroll	31.05%	30.22%	31.62%	31.10%	32.31%

(Continued)

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of the City's Pension Contributions
For the Year Ended September 30, 2019

Firefighters' Retirement System	September 30 2015	September 30 2016	September 30 2017	September 30 2018	September 30 2019
Contractually required contribution	\$ 227,833	\$ 227,895	\$ 212,971	\$ 214,593	\$ 216,216
Contributions in relation to the contractually required contribution	<u>227,833</u>	<u>227,895</u>	<u>212,971</u>	<u>214,593</u>	<u>216,216</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 793,208	\$ 853,016	\$ 834,387	\$ 809,786	\$ 807,535
Contributions as a percentage of covered-employee payroll	28.72%	26.72%	25.52%	26.50%	26.77% (Concluded)

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended September 30, 2019

	September 30, 2018	September 30, 2019
Total OPEB Liability		
Service cost	\$ 880,476	\$ 703,377
Interest on total OPEB liability	576,864	542,463
Effect of plan changes	-	-
Effect of economic/demographic gains or (losses)	(1,912,246)	-
Effect of assumption changes or inputs	(2,032,395)	4,570,379
Benefit payments	(209,210)	(202,884)
Net change in total OPEB liability	<u>\$ (2,696,511)</u>	<u>\$ 5,613,335</u>
 Total OPEB liability - beginning	 <u>\$ 15,071,127</u>	 <u>\$ 12,374,616</u>
 Total OPEB liability - ending	 <u><u>\$ 12,374,616</u></u>	 <u><u>\$ 17,987,951</u></u>
 Covered payroll	 \$ 3,888,523	 \$ 4,267,068
 Total OPEB liability as a percentage of covered payroll	 318.23%	 421.55%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

OTHER SUPPLEMENTAL SCHEDULES

City of DeRidder, Louisiana

Non-major Funds

Non-major Special Revenue Fund

Health Reimbursement Arrangement (HRA) Fund – Employees eligible to receive benefits from United Health Care will have health reimbursement accounts established in their names. The employees are entitled to receive reimbursements from this account for eligible expenses incurred subject to certain limits depending on the covered persons in the plan.

Non-major Capital Projects Fund

Louisiana Community Development Block Grant (LCDBG) Fund – The LCDBG Fund is established to account for LCDBG grant funds along with City matching funds for a sewer lift station replacement at Elm Street. At the completion of the project, the new lift station will be transferred to fixed assets.

Balance Sheet
 Non-major Governmental Funds
 For the Year Ended September 30, 2019

	Non-major Special Revenue Fund HRA Fund	Non-major Capital Project Fund LCDBG Fund	Total
ASSETS			
Cash and cash equivalents	\$ 39,201	\$ 5	\$ 39,206
Due from utility fund	-	45,036	45,036
Total assets	<u>\$ 39,201</u>	<u>\$ 45,041</u>	<u>\$ 84,242</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Contracts payable	<u>\$ -</u>	<u>\$ 45,036</u>	<u>\$ 45,036</u>
Fund Balances:			
Restricted	\$ 39,201	\$ -	\$ 39,201
Unrestricted	-	5	5
Total fund balances	<u>\$ 39,201</u>	<u>\$ 5</u>	<u>\$ 39,206</u>
Total liabilities and fund balances	<u>\$ 39,201</u>	<u>\$ 45,041</u>	<u>\$ 84,242</u>

Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-major Governmental Funds
 For the Year Ended September 30, 2019

	Non-major Special Revenue Fund HRA Fund	Non-major Capital Project Fund LCDBG Fund	Total
Revenues			
Investment income	\$ 13	\$ -	\$ 13
Expenditures			
Engineering and administration fees	\$ 812	\$ -	\$ 812
Miscellaneous	-	21	21
Capital outlay	-	46,536	46,536
Total expenditures	\$ 812	\$ 46,557	\$ 47,369
Excess (deficiency) of revenues over expenditures	\$ (799)	\$ (46,557)	\$ (47,356)
Other financing sources (uses)			
Transfers in	\$ 40,000	\$ 46,562	\$ 86,562
Net change in fund balances	\$ 39,201	\$ 5	\$ 39,206
Fund balances at beginning of year	-	-	-
Fund balances at end of year	\$ 39,201	\$ 5	\$ 39,206

Schedule of Compensation of Board Members
For the Fiscal Year Ended September 30, 2019

Vincent Labue	S	7,200
Charles Larken		7,200
Gordon Jenkins		7,200
Keith Hooper		7,200
Kimaron Moore		7,200
Estella Scott		4,200
Julian Williams		7,200
Michael Harris		<u>3,000</u>
	S	<u>50,400</u>

Schedule of Compensation, Benefits and
 Other Payments to Agency Head
 For the Fiscal Year Ended September 30, 2019

Mayor Misty Clanton

Purpose	Amount
Salary	\$ 75,253
Benefits - dental insurance	661
Benefits - retirement	10,451
Benefits - deferred compensation	2,600
Car allowance	9,837
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

OTHER REPORTS

Schedule of Prior Year Audit Findings
For the Year Ended September 30, 2019

There were no prior year audit findings as of September 30, 2018.

Schedule of Current Year Audit Findings and Management's Response
For the Year Ended September 30, 2019

There were no current year audit findings as of September 30, 2019.

Windham & Reed, L.L.C.

Certified Public Accountants

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John A. Windham, CPA
Charles M. Reed, Jr., CPA

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 Misty Clanton, Mayor
and the Members of the City Council
DeRidder, Louisiana

We 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, 2019, and the related notes to the financial statements, which collectively comprise the City of DeRidder, Louisiana's basic financial statements, and have issued our report thereon dated February 4, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we 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 our 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, we 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.

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

Compliance and Other Matters

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

The Honorable Misty Clanton, Mayor
and Members of the City Council
DeRidder, Louisiana

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing. It is 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.

Handwritten signature of J. M. Windham, CPA in black ink.

DeRidder, Louisiana
February 4, 2020