

CITY OF DERIDDER, LOUISIANA  
ANNUAL FINANCIAL STATEMENTS  
WITH AUDITOR'S REPORT  
SEPTEMBER 30, 2011

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

Release Date APR 11 2012

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# John A. Windham, CPA

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John A. Windham, CPA

## INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of DeRidder, Louisiana, as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of DeRidder, Louisiana's management. My responsibility is to express opinions on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of DeRidder, Louisiana, as of September 30, 2011, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated January 31, 2012 on my consideration of the City of DeRidder, Louisiana's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and other postemployment benefits (OPEB) funding schedule on pages 37 through 40 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any

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

assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

The City of DeRidder, Louisiana, has not presented management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of DeRidder, Louisiana's financial statements as a whole. The individual nonmajor fund financial statements and schedule of per diem paid to board members is presented for purposes of additional analysis and is not a required part of the financial statements. The individual nonmajor fund financial statements and schedule of per diem paid to board members is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

DeRidder, Louisiana  
January 31, 2012

**BASIC FINANCIAL STATEMENTS**

Statement of Net Assets  
September 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,288,502	\$ 772,743	\$ 5,061,245
Receivables:			
Franchise taxes	140,329	-	140,329
Alcohol taxes	6,451	-	6,451
Sales taxes	499,405	-	499,405
Occupational license	37,290	-	37,290
Accounts	33,840	290,032	323,872
Federal grants	36,683	-	36,683
Local grants	20,400	-	20,400
Prepaid insurance	99,357	24,895	124,252
Restricted cash and cash equivalents	-	2,091,462	2,091,462
Capital assets, not being depreciated	1,248,229	84,532	1,332,761
Capital assets, being depreciated - net	6,911,428	14,971,748	21,883,176
Total assets	<u>\$ 13,321,914</u>	<u>\$ 18,235,412</u>	<u>\$ 31,557,326</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 180,822	\$ 58,361	\$ 239,183
Payroll taxes payable	191,667	43,563	235,230
Contracts payable	30,983	31,700	62,683
Accrued interest payable	1,004	-	1,004
Long term liabilities:			
Due within one year	230,081	27,998	258,079
Due in more than one year	2,448,352	626,645	3,074,997
Total liabilities	<u>\$ 3,082,909</u>	<u>\$ 788,267</u>	<u>\$ 3,871,176</u>
<b>NET ASSETS</b>			
Invested in capital assets - net of related debt	\$ 8,004,657	\$ 15,056,280	\$ 23,060,937
Restricted for:			
Contracts payable	-	31,700	31,700
Perpetual care	967,026	-	967,026
Debt service	160,484	-	160,484
Depreciation and contingencies	5	2,028,062	2,028,067
Unrestricted	1,106,833	331,103	1,437,936
Total net assets	<u>\$ 10,239,005</u>	<u>\$ 17,447,145</u>	<u>\$ 27,686,150</u>
Total liabilities and net assets	<u>\$ 13,321,914</u>	<u>\$ 18,235,412</u>	<u>\$ 31,557,326</u>

The accompanying notes are an integral part of this statement

Statement of Activities  
For the Year Ended September 30, 2011

Program Activities	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government and administration	\$ 1,262,891	\$ 21,296	\$ 23,251	\$ 5,000	\$ (1,213,344)	\$ -	\$ (1,213,344)
Public safety	4,659,094	17,251	129,258	48,441	(4,464,144)	-	(4,464,144)
Public works	2,052,385	15,165	-	309,832	(1,727,388)	-	(1,727,388)
Culture & recreation	212,741	-	-	12,000	(200,741)	-	(200,741)
Interest on long term debt	9,335	-	-	-	(9,335)	-	(9,335)
Unallocated depreciation*	37,788	-	-	-	(37,788)	-	(37,788)
<b>Total governmental activities</b>	<b>\$ 8,234,234</b>	<b>\$ 53,712</b>	<b>\$ 152,509</b>	<b>\$ 375,273</b>	<b>\$ (7,652,740)</b>	<b>\$ -</b>	<b>\$ (7,652,740)</b>
Business-type activities							
Water and sewer	\$ 2,938,286	\$ 2,518,652	\$ -	\$ -	\$ -	\$ (419,634)	\$ (419,634)
<b>Total government</b>	<b>\$ 11,172,520</b>	<b>\$ 2,572,364</b>	<b>\$ 152,509</b>	<b>\$ 375,273</b>	<b>\$ (7,652,740)</b>	<b>\$ (419,634)</b>	<b>\$ (8,072,374)</b>
General revenues							
Taxes							
Ad valorem taxes					\$ 646,867	\$ -	\$ 646,867
Sales taxes					5,794,614	-	5,794,614
Insurance premium tax					40,230	-	40,230
Chain store tax					11,170	-	11,170
Franchise tax					615,121	-	615,121
Alcohol tax					22,723	-	22,723
Occupational licenses and permits					562,155	-	562,155
Investment earnings					9,148	6,851	15,999
Gain (Loss) on sale of assets					5,008	1,169	6,177
Rental income					26,400	-	26,400
Miscellaneous					5,126	-	5,126
Insurance proceeds					14,932	-	14,932
Transfers in					3,963,827	-	3,963,827
Transfers out					(3,911,027)	(52,800)	(3,963,827)
<b>Total general revenues and transfers</b>					<b>\$ 7,806,294</b>	<b>\$ (44,780)</b>	<b>\$ 7,761,514</b>
Change in net assets					\$ 153,554	\$ (464,414)	\$ (310,860)
Net assets at beginning of year					10,085,451	17,911,559	27,997,010
Net assets at end of year					\$ 10,239,005	\$ 17,447,145	\$ 27,686,150

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

Balance Sheet  
Governmental Funds  
September 30, 2011

	Major Funds					Total Governmental Funds
	General	Sales Tax Fund	LCDBG Street Project Fund	Street Construction J Fund	Other Governmental Funds	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,157,924	\$ 1,443,823	\$ 5	\$ 1,529,142	\$ 5,484	\$ 4,136,378
Receivables:						
Franchise taxes	140,329	-	-	-	-	140,329
Alcohol taxes	6,451	-	-	-	-	6,451
Sales taxes	-	499,405	-	-	-	499,405
Occupational license	37,290	-	-	-	-	37,290
Accounts receivable	33,840	-	-	-	-	33,840
Intergovernmental:						
Federal grants	5,700	-	30,983	-	-	36,683
Local grants	20,400	-	-	-	-	20,400
Prepaid insurance	84,239	15,118	-	-	-	99,357
Total assets	\$ 1,486,173	\$ 1,958,346	\$ 30,988	\$ 1,529,142	\$ 5,484	\$ 5,010,133
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accounts payable	\$ 44,197	\$ 120,431	\$ -	\$ 16,194	\$ -	\$ 180,822
Contracts payable	-	-	30,983	-	-	30,983
Payroll taxes payable	159,790	31,877	-	-	-	191,667
Total liabilities	\$ 203,987	\$ 152,308	\$ 30,983	\$ 16,194	\$ -	\$ 403,472
Fund Balances						
Nonspendable	\$ 84,239	\$ -	\$ -	\$ -	\$ -	\$ 84,239
Restricted	-	1,806,038	-	1,512,948	-	3,318,986
Assigned	967,026	-	5	-	5,484	972,515
Unassigned	230,921	-	-	-	-	230,921
Total fund balances	\$ 1,282,186	\$ 1,806,038	\$ 5	\$ 1,512,948	\$ 5,484	\$ 4,606,661
Total liabilities and fund balances	\$ 1,486,173	\$ 1,958,346	\$ 30,988	\$ 1,529,142	\$ 5,484	\$ 5,010,133

The accompanying notes are an integral part of this statement.



Reconciliation of the Governmental Funds Balance Sheet  
to Statement of Net Assets  
September 30, 2011

Total fund balance - total governmental funds	\$	4,606,661
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets		7,662,158
Internal service funds are used to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets		152,124
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.		(1,004)
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 assets in order to show those assets net of related debt in the net assets section of the government wide statement of net assets.		497,499
Long-term liabilities including bonds payable, compensated absences and other post employment benefits are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Due within one year	\$	(230,081)
Due in more than one year		(2,448,352)
		<u>(2,678,433)</u>
Net assets of governmental activities	\$	<u>10,239,005</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, 2011

	Major Funds					Total Governmental Funds
	General Fund	Sales Tax Fund	LCDBG Street Project Fund	Street Construction J Fund	Other Governmental Funds	
<b>Revenues</b>						
<b>Taxes</b>						
Ad valorem	\$ 646,867	-	-	-	-	\$ 646,867
Sales tax	-	5,794,614	-	-	-	5,794,614
Insurance premium tax	40,230	-	-	-	-	40,230
Chain store tax	11,170	-	-	-	-	11,170
Franchise tax	615,121	-	-	-	-	615,121
Alcohol tax	22,723	-	-	-	-	22,723
<b>Intergovernmental</b>						
Federal grants	28,408	-	309,832	-	-	338,240
State grants	17,468	-	-	-	-	17,468
Local grants	148,823	-	-	-	-	148,823
Occupational licenses and permits	562,155	-	-	-	-	562,155
Fees and charges for services	18,356	14,580	-	-	-	32,936
Cemetery plot sales	20,776	-	-	-	-	20,776
Investment income	2,834	3,426	-	2,509	48	8,817
Rental income	26,400	-	-	-	-	26,400
Donations	23,251	-	-	-	-	23,251
Other revenues	5,126	-	-	-	-	5,126
<b>Total revenues</b>	<b>\$ 2,189,708</b>	<b>\$ 5,812,620</b>	<b>\$ 309,832</b>	<b>\$ 2,509</b>	<b>\$ 48</b>	<b>\$ 8,314,717</b>

(Continued)

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended September 30, 2011

	Major Funds					Total Governmental Funds
	General Fund	Sales Tax Fund	LCDBG Street Project Fund	Street Construction J Fund	Other Governmental Funds	
<b>Expenditures</b>						
Current operating						
General government	\$ 702,890	\$ 445,756	\$ -	\$ -	\$ -	\$ 1,148,646
Public safety	3,884,061	-	-	-	-	3,884,061
Public works	-	1,867,526	-	-	-	1,867,526
Culture & recreation	156,940	-	-	-	-	156,940
Debt service						
Principal	45,000	-	-	-	54,000	99,000
Interest and charges	7,750	-	-	-	2,180	9,930
Capital outlay	666,724	-	404,333	114,736	-	1,185,793
Total expenditures	\$ 5,463,365	\$ 2,313,282	\$ 404,333	\$ 114,736	\$ 56,180	\$ 8,351,896
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (3,273,657)	\$ 3,499,338	\$ (94,501)	\$ (112,227)	\$ (56,132)	\$ (37,179)
<b>Other financing sources (uses)</b>						
Transfer in	\$ 3,213,326	\$ 10,000	\$ 94,501	\$ 600,000	\$ 46,000	\$ 3,963,827
Transfer out	(56,000)	(3,855,027)	-	-	-	(3,911,027)
Insurance proceeds	10,616	4,316	-	-	-	14,932
Sale of assets	2,622	759	-	-	-	3,381
Total other financing sources (uses)	\$ 3,170,564	\$ (3,839,952)	\$ 94,501	\$ 600,000	\$ 46,000	\$ 71,113
<b>Net change in fund balance</b>	\$ (103,093)	\$ (340,614)	\$ -	\$ 487,773	\$ (10,132)	\$ 33,934
<b>Fund balances at beginning of year</b>	1,385,279	2,146,652	5	1,025,175	15,616	4,572,727
<b>Fund balances at end of year</b>	\$ 1,282,186	\$ 1,806,038	\$ 5	\$ 1,512,948	\$ 5,484	\$ 4,606,661

(Concluded)

The accompanying notes are an integral part of this statement

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

For the Year Ended September 30, 2011

Net change in fund balances - total governmental funds	\$ 33,934
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.	(6,713)
The net effect of various transactions involving capital assets (contributions, trades, etc.) is to increase net assets	1,958
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net assets, 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	666,724
Capital projects fund	<u>519,069</u>
	1,185,793
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(439,926)
Accrued interest on long term debt is not shown in the governmental funds.	595
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of bond repayments.	99,000
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 Assets	(711,852)
Internal service funds are used by management to charge the costs of certain activities to individual funds.	
The net income of the internal service funds is reported with governmental activities	<u>(9,235)</u>
Change in net assets of governmental activities	<u>\$ 153,554</u>

The accompanying notes are an integral part of this statement

Statement of Net Assets  
Proprietary Fund  
September 30, 2011

	Business-type Activities Enterprise Fund Water and Sewer	Governmental Activities Internal Service Fund
Assets		
Current Assets		
Cash and cash equivalents	\$ 772,743	\$ 152,124
Receivables:		
Accounts	290,032	-
Prepaid insurance	24,895	-
Total current assets	\$ 1,087,670	\$ 152,124
Noncurrent Assets		
Restricted cash and cash equivalents	\$ 2,091,462	\$ -
Capital assets not being depreciated	84,532	-
Capital assets being depreciated - net	15,469,247	-
Total noncurrent assets	\$ 17,645,241	\$ -
Total assets	\$ 18,732,911	\$ 152,124
Liabilities		
Current Liabilities		
Accounts payable	\$ 58,361	\$ -
Payroll taxes payable	43,563	-
Other postemployment benefits	27,998	-
Total current liabilities	\$ 129,922	\$ -
Liabilities payable from restricted assets		
Contracts payable	\$ 31,700	\$ -
Noncurrent Liabilities		
Customer deposits	\$ 148,014	\$ -
Compensated absences	180,608	-
Other postemployment benefits	298,023	-
Total noncurrent liabilities	\$ 626,645	\$ -
Total liabilities	\$ 788,267	\$ -

(Continued)

The accompanying notes are an integral part of this statement

Statement of Net Assets  
 Proprietary Fund  
 September 30, 2011

	Business-type Activities <u>Enterprise Fund</u>	Governmental Activities <u>Internal Service Fund</u>
	Water and Sewer	
Net Assets		
Invested in capital assets	\$ 15,553,779	\$ -
Restricted for:		
Contracts payable	31,700	-
Depreciation and contingencies	2,028,062	-
Unrestricted	<u>331,103</u>	<u>152,124</u>
Total net assets	<u>\$ 17,944,644</u>	<u>\$ 152,124</u>
Total liabilities and net assets	<u>\$ 18,732,911</u>	<u>\$ 152,124</u> (Concluded)

The accompanying notes are an integral part of this statement.

Reconciliation of the Proprietary Funds Statement of Net Assets  
to the Statement of Net Assets  
For the Year Ended September 30, 2011

Amounts reported for business-type activities in the  
statement of net assets are different because.

Total net assets for proprietary fund statement of net assets	\$ 17,944,644
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 assets in order to show those assets net of related debt in the net asset section of the government wide statement of net assets	<u>(497,499)</u>
Net assets of business type activities	<u>\$ 17,447,145</u>

The accompanying notes are an integral part of this statement

Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Fund  
For the Year Ended September 30, 2011

	<u>Business-type Activities Enterprise Fund</u>	<u>Governmental Activities Internal Service Funds</u>
	<u>Water and Sewer</u>	<u>Funds</u>
Operating revenues		
Charges for services	\$ 2,518,652	\$ -
Total operating revenues	<u>\$ 2,518,652</u>	<u>\$ -</u>
Operating expenses		
Personal services	\$ 1,260,454	\$ -
Supplies	50,701	-
Contractual services	816,692	-
Depreciation	825,401	-
Claims	-	9,566
Total operating expenses	<u>\$ 2,953,248</u>	<u>\$ 9,566</u>
Income (loss) from operations	<u>\$ (434,596)</u>	<u>\$ (9,566)</u>
Nonoperating revenues (expenses)		
Interest income	\$ 6,851	\$ 331
Sale of assets	1,169	-
Total nonoperating revenues (expenses)	<u>\$ 8,020</u>	<u>\$ 331</u>
Income (loss) before transfers	\$ (426,576)	\$ (9,235)
Transfers in	-	-
Transfers out	<u>(52,800)</u>	<u>-</u>
Change in net assets	\$ (479,376)	\$ (9,235)
Net assets at beginning year	<u>18,424,020</u>	<u>161,359</u>
Net assets at end of year	<u>\$ 17,944,644</u>	<u>\$ 152,124</u>

The accompanying notes are an integral part of this statement.



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

For the Year Ended September 30, 2011

Net change in net assets - total proprietary funds	\$ (479,376)
Depreciation on capital assets reported in the proprietary fund but financed with general obligation debt has been transferred to governmental activities in the government wide statement of activities	<u>14,962</u>
Change in net assets of proprietary activities	<u>\$ (464,414)</u>

The accompanying notes are an integral part of this statement.

Statement of Cash Flows  
Proprietary Fund  
For the Year Ended September 30, 2011

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	<u>Water and Sewer</u>	<u>Fund</u>
Cash flows from operating activities:		
Cash received from customers	\$ 2,494,400	\$ -
Cash payments to suppliers for goods and services	(865,301)	(9,786)
Cash payments for employee services and employee related fringe benefits	<u>(1,152,505)</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 476,594</u>	<u>\$ (9,786)</u>
Cash flows from noncapital financing activities:		
Transfers from other funds	\$ -	\$ -
Transfers out to other funds	<u>(52,800)</u>	<u>-</u>
Net cash used for noncapital financing activities	<u>\$ (52,800)</u>	<u>\$ -</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	\$ (169,193)	\$ -
Disposal of capital assets	<u>5,100</u>	<u>-</u>
Net cash used for capital and related financing activities	<u>\$ (164,093)</u>	<u>\$ -</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Cash Flows  
Proprietary Fund  
For the Year Ended September 30, 2011

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Water and Sewer	Fund
Cash flows from investing activities		
Interest on cash management activities:	\$ 6,851	\$ 331
Net increase (decrease) in cash and cash equivalents	\$ 266,552	\$ (9,455)
Cash and cash equivalents, beginning of year	2,597,653	161,579
Cash and cash equivalents, end of year	\$ 2,864,205	\$ 152,124
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (434,596)	\$ (9,566)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	\$ 825,401	\$ -
Increase in accounts receivable	(26,864)	-
Decrease in accounts payable	(3,873)	(220)
Increase in salaries payable	14,921	-
Decrease in employee benefits payable	(3,403)	-
Increase in contracts payable	1,200	-
Increase in customer deposits	2,612	-
Decrease in compensated absences	(17,823)	-
Decrease in prepaid insurance	4,765	-
Increase in other postemployment benefits	114,254	-
Total adjustments	\$ 911,190	\$ (220)
Net cash provided (used) by operating activities:	\$ 476,594	\$ (9,786)
		(Concluded)

The accompanying notes are an integral part of this statement.

City of DeRidder, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended September 30, 2011

**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 ninety-six employees who provide various services to the residents. The City maintains approximately 74 miles of roadways within the city limits.

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

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

Blended Components Units

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

The City of DeRidder had no blended component units as of September 30, 2011

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, 2011.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

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

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

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

The municipality reports the following major governmental funds:

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

**Special Revenue Fund**

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

**Capital Projects Funds**

The LCDBG Street Project Fund and Street Construction J Fund are used to account for financial resources to be used for the construction and further improvement of streets located within the city limits (other than those financed by proprietary funds.)

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

The municipality 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 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 municipality reports the following nonmajor government fund.

**Debt Service Fund**

The Debt Service Fund accumulates monies for payment of principal and interest of the 2006 Certificates of Indebtedness.

Additionally, the government reports the following fund types:

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

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

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

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

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

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

**C. Deposits and Investments**

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

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

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

**D. Receivables and Payables**

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

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

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

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

Property Tax Calendar	
Assessment date	January 01, 2010
Levy date	June 30, 2010
Tax bills mailed	October 15, 2010
Total taxes are due	December 31, 2010
Penalties & interest due	January 31, 2011
Lien date	January 31, 2011
Tax sale	May 31, 2011

For the year ended September 30, 2011, taxes of 10.26 mills were levied on property with an assessed valuation totaling \$60,944,315, and were dedicated as follows

	Authorized Millage	Levied Millage	Expiration Date
Taxes due for:			Renewed
General corporate tax	7.66	7.66	Annually
Police/Fire capital improvements	2.60	2.60	9/30/2015

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes are collected and remitted by the local sheriff, if taxes are not paid, a sheriff's sale is held and the property is sold to satisfy the taxes due on the property. Due to this, the majority, if not all property taxes are collected, therefore no allowance account for uncollectibles has been established. Water and sewer charges have customer deposits that have been collected in advance therefore the majority of all water and sewer billing is collected or taken out of the customer's deposit, any allowance account would be immaterial, therefore one has not been established.

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

Taxpayer	Type of Business	Assessed Valuation	% of Total Assessed Valuation	Ad Valorem Tax Revenue for Municipality
Meadwestvaco	Manufacturer	\$ 7,385,946	12.12%	\$ 75,780

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

*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.

An additional 1% sales tax, for a twenty year period ending December 31, 2011, is dedicated and used for the following purposes:

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

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

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

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

**E. Prepaid Items**

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

**F. Restricted Assets**

Certain resources in the enterprise fund have been set aside for the repair, maintenance and replacement of the water and sewer systems of the City. These resources are classified as restricted assets because their use is limited.

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

**G. Capital Assets**

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

According to GASB 34 the City of DeRidder was not required to retroactively report infrastructure assets in its financial statements, therefore, these assets have not been reported in the financial statements.

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



City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

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

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

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

**H. Compensated Absences**

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

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

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

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

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

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

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

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

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

termination payments as well as other employees who are expected to become eligible in the future to receive such payments

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the 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 assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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. As for the City of DeRidder, Louisiana the nonspendable fund balance consist of prepaid amounts of insurance premiums.

**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.

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

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

**K. 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.

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

**L. Estimates**

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

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

1. The Director of Finance submits to the Mayor and City Council a proposed operating budget no later than fifteen days prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and the means of financing them. For the fiscal year beginning October 1, 2010 and ending September 30, 2011 the budget was submitted to the City Council on August 9, 2010 and the public hearing was called for. After the public hearing was held, the budget was adopted by ordinance of the City Council.
2. Budgetary appropriations lapse at the end of each fiscal year.
3. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council.
4. Amendments to the budget are approved by the City Council by a formal adoption of an ordinance. The original budget is amended as necessary and all amendments are reflected in the budget comparisons in the financial statements.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Formal budgetary integration is not employed in the Debt Service Funds because effective budgetary control is alternatively achieved through bond indenture provisions.

**3. CASH AND CASH EQUIVALENTS**

At September 30, 2011, the municipality has cash and cash equivalents (book balances) totaling \$7,152,707 as follows:

Demand deposits	\$ 100,175
Time deposits	162,727
Money market investment accounts	4,807,645
Louisiana Asset Management Pool (LAMP)	2,081,810
Petty cash	350
Total	<u>\$ 7,152,707</u>

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

At September 30, 2011, the municipality has \$5,149,831 in deposits (collected bank balances). These deposits are secured from risk by \$1,159,639 of federal deposit insurance and \$3,990,192 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 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 municipality that the fiscal agent has failed to pay deposited funds upon demand.

The City also had invested \$2,081,810 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP as of September 30, 2011 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations which local governments in Louisiana are authorized to invest in accordance with LSA - R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than three months, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

**4. RECEIVABLES**

The receivables of \$1,064,430 at September 30, 2011, are as follows

<u>Class of receivable</u>	<u>General Fund</u>	<u>Proprietary Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
Taxes.					
Franchise	\$ 140,329	\$ -	\$ -	\$ -	\$ 140,329
Alcohol	6,451	-	-	-	6,451
Federal grants	5,700	-	-	30,983	36,683
Local grants	20,400	-	-	-	20,400
Occupational license	37,290	-	-	-	37,290
Accounts	33,840	290,032	-	-	323,872
Sales taxes	-	-	499,405	-	499,405
<b>Total</b>	<b>\$ 244,010</b>	<b>\$ 290,032</b>	<b>\$ 499,405</b>	<b>\$ 30,983</b>	<b>\$ 1,064,430</b>

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, 2011, for the primary government is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 710,930	\$ 32,000	\$ -	\$ 742,930
Work in progress	61,428	959,508	515,637	505,299
Total capital assets not being depreciated	<u>772,358</u>	<u>991,508</u>	<u>515,637</u>	<u>1,248,229</u>
<b>Capital assets being depreciated</b>				
Buildings	3,065,784	526,108	-	3,591,892
Improvements other than buildings	3,405,144	110,064	-	3,515,208
Furniture and fixtures	1,092	-	-	1,092
Machinery and equipment	1,549,166	31,329	14,250	1,566,245
Guns	9,043	2,054	-	11,097
Vehicles	2,083,790	40,976	159,758	1,965,008
Utility fund asset	598,493	-	-	598,493
Total capital assets being depreciated	<u>10,712,512</u>	<u>710,531</u>	<u>174,008</u>	<u>11,249,035</u>
<b>Less accumulated depreciation for:</b>				
Buildings	954,498	77,073	-	1,031,571
Improvements other than buildings	534,161	124,748	-	658,909
Furniture and fixtures	1,092	-	-	1,092
Machinery and equipment	1,082,452	75,519	12,204	1,145,767
Guns	977	1,056	-	2,033
Vehicles	1,408,029	146,568	157,356	1,397,241
Utility fund asset	86,032	14,962	-	100,994
Total accumulated depreciation	<u>4,067,241</u>	<u>439,926</u>	<u>169,560</u>	<u>4,337,607</u>
Total capital assets being depreciated, net	<u>\$ 6,645,271</u>	<u>\$ 270,605</u>	<u>\$ (4,448)</u>	<u>\$ 6,911,428</u>

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities.</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 57,221	\$ -	\$ -	\$ 57,221
Construction in progress	92,164	37,761	102,614	27,311
Total capital assets not being depreciated	<u>149,385</u>	<u>37,761</u>	<u>102,614</u>	<u>84,532</u>
<b>Capital assets being depreciated</b>				
Utility plant and improvements	32,923,054	219,095	52,725	33,089,424
Furniture and equipment	58,569	-	-	58,569
Vehicles	232,823	14,951	11,417	236,357
Total capital assets being depreciated	<u>33,214,446</u>	<u>234,046</u>	<u>64,142</u>	<u>33,384,350</u>
<b>Less accumulated depreciation for:</b>				
Utility plant and improvements	17,392,827	799,980	48,792	18,144,015
Furniture and equipment	56,822	1,219	-	58,041
Vehicles	212,723	9,240	11,417	210,546
Total accumulated depreciation	<u>17,662,372</u>	<u>810,439</u>	<u>60,209</u>	<u>18,412,602</u>
Total business-type assets being depreciated, net	<u>\$ 15,552,074</u>	<u>\$ (576,393)</u>	<u>\$ (3,933)</u>	<u>\$ 14,971,748</u>

Depreciation expense of \$439,926 for the year ended September 30, 2011, was charged to the following governmental functions:

Public works	\$ 130,119
Public safety	189,409
General administration	26,809
Recreation	55,801
Unallocated	37,788
Total	<u>\$ 439,926</u>

**6. CONSTRUCTION COMMITMENTS**

The municipality has active construction projects as of September 30, 2011. The City had the following construction projects. The Transit Garage Project provides a garage to house the Louisiana transit vans. The Street Overlay Project provides for maintenance and overlay of existing streets. The Plannermill Drainage Project and the Honeysuckle Drainage Project provides for improved drainage in these respective subdivisions. The Sidewalk Project provides new sidewalks to existing streets. The LCDBG Street Project provides for maintenance and overlay of streets within the City. The 8<sup>th</sup> Street Washington Avenue Turning Lane Project provides for a wider turning radius for larger trucks to be diverted from downtown areas. At year-end the commitments with contractors were as follows:

<u>Projects</u>	<u>Spent to Date</u>	<u>Remaining</u>
8th Street Washington Avenue Turning Lane	\$ 1,465	\$ 95,535
Transit Garage	3,900	246,100
LCDBG Street Project	410,127	2,483
Street Overlay	5,519	794,481
Plannermill Drainage	27,930	320,000
Sidewalk Project	34,208	465,972
Honeysuckle Drainage	22,330	240,000

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

7. INTERFUND TRANSFERS

	<u>Transfer in</u>	<u>Transfer out</u>
Capital project fund	\$ 694,501	\$ 56,000
General fund	3,213,326	-
Proprietary fund	-	52,800
Special revenue fund	10,000	3,855,027
Debt service fund	46,000	-
Internal service funds	-	-
Total	<u>\$ 3,963,827</u>	<u>\$ 3,963,827</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, SALARIES, AND OTHER PAYABLES

The payables of \$565,094 at September 30, 2011, are as follows:

	<u>General Fund</u>	<u>Proprietary Fund</u>	<u>Special Revenue Fund</u>	<u>Internal Service Funds</u>	<u>Total</u>
Withholdings	\$ 159,790	\$ 43,563	\$ 31,877	\$ -	\$ 235,230
Accounts	44,197	58,361	120,431	16,194	239,183
Other postemployment benefits	-	27,998	-	-	27,998
Contracts	-	31,700	-	30,983	62,683
Total	<u>\$ 203,987</u>	<u>\$ 161,622</u>	<u>\$ 152,308</u>	<u>\$ 47,177</u>	<u>\$ 565,094</u>

9. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended September 30, 2011.

	<u>Proprietary Fund</u>			
	<u>Compensated Absences</u>	<u>Other Postemployment Benefits</u>	<u>Customer Deposits</u>	<u>Total</u>
Long-term obligations at beginning of year	\$ 198,431	\$ 183,772	\$ 145,402	\$ 527,605
Additions	43,634	134,164	31,560	209,358
Principal and other payments	-	(19,913)	(28,948)	(48,861)
Compensated absences used	<u>(61,457)</u>	<u>-</u>	<u>-</u>	<u>(61,457)</u>
Long-term obligations at end of year	<u>\$ 180,608</u>	<u>\$ 298,023</u>	<u>\$ 148,014</u>	<u>\$ 626,645</u>

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

	Governmental Funds				Total
	Compensated Absences	Other Postemployment Benefits	Certificates of Indebtedness	Bonded Debt	
Long-term obligations at beginning of year	\$ 579,099	\$ 1,225,819	\$ 54,000	\$ 200,000	\$ 2,058,918
Additions	308,096	803,982	-	-	1,112,078
Principal and other payments	-	(92,130)	(54,000)	(45,000)	(191,130)
Compensated absences used	(301,433)	-	-	-	(301,433)
Long-term obligations at end of year	\$ 585,762	\$ 1,937,671	\$ -	\$ 155,000	\$ 2,678,433

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, 2011:

	Proprietary Fund			Total
	Compensated Absences	Other Postemployment Benefits	Customer Deposits	
Current portion	\$ -	\$ 27,998	\$ -	\$ 27,998
Long-term portion	180,608	270,025	148,014	598,647
Total	\$ 180,608	\$ 298,023	\$ 148,014	\$ 626,645

	Governmental Funds			Total
	Other Postemployment Benefits	Bonded Debt	Compensated Absences	
Current portion	\$ 180,081	\$ 45,000	\$ -	\$ 225,081
Long-term portion	1,757,590	110,000	585,762	2,453,352
Total	\$ 1,937,671	\$ 155,000	\$ 585,762	\$ 2,678,433

Bonded debt is comprised of the following issue at September 30, 2008:

**Bonded Debt – Governmental Funds:**

\$500,000 Series 2005 Water Improvement Bonds  
 due in annual installments of \$45,000 to \$55,000 through  
 August 2014; interest at the rate of 3.875% \$155,000

At September 30, 2011, the City of DeRidder accumulated \$5,484 in the debt service fund for future debt requirements. The annual requirements to amortize all bonds outstanding at September 30, 2011, for the City of DeRidder is as follows:

Year Ending September 30,	Principal Payments	Interest Payments	Total
2012	\$ 50,000	\$ 6,006	\$ 56,006
2013	50,000	4,069	54,069
2014	55,000	2,131	57,131
Total	\$ 155,000	\$ 12,206	\$ 167,206

In accordance with R.S. 39:562, the municipality is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At September 30, 2011, the statutory limit is \$21,330,511, and outstanding bonded debt totals \$155,000.



City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

**10. RESTRICTED NET ASSETS/FUND BALANCES**

The Proprietary Fund – The proprietary fund had restricted net assets available as follows

	<u>Utility Fund</u>
<b>Restricted assets:</b>	
Replacement, extension and contingency accounts	\$ 2,054,810
State contract funds	36,652
Total	<u>\$ 2,091,462</u>
<b>Less:</b>	
Liabilities payable from restricted assets:	
Total	<u>\$ 31,700</u>
<b>Restricted net assets</b>	<u>\$ 2,059,762</u>

The governmental funds had fund balances as follows:

	<u>General Fund</u>	<u>Major Special Revenue Fund</u>	<u>Major Capital Projects Fund</u>		<u>Other Funds</u>	<u>Total</u>
			<u>LCDBG Street Project Fund</u>	<u>Street Construction J Fund</u>		
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Prepaid insurance	\$ 84,239	\$ -	\$ -	\$ -	\$ -	\$ 84,239
<b>Restricted for:</b>						
Sales taxes	-	1,806,038	-	-	-	1,806,038
Street construction	-	-	-	1,512,948	-	1,512,948
<b>Assigned to:</b>						
Street construction	-	-	5	-	-	5
Debt service	-	-	-	-	5,484	5,484
Perpetual care	967,026	-	-	-	-	967,026
<b>Unassigned.</b>	<u>230,921</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>230,921</u>
<b>Total fund balances</b>	<u>\$ 1,282,186</u>	<u>\$ 1,806,038</u>	<u>\$ 5</u>	<u>\$ 1,512,948</u>	<u>\$ 5,484</u>	<u>\$ 4,606,661</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 Fire Fighters Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

**A. Municipal Employees Retirement System of Louisiana (System)**

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

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

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

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

*Funding Policy.* Under Plan B, members are required by state statute to contribute 5% of their annual covered salary and the City of DeRidder is required to contribute at an actuarially determined rate. The current rate is 8% 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, 2011, 2010 and 2009, were \$97,811, \$93,313, and \$92,533, respectively, equal to the required contributions for each year.

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

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

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police 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 7.5% of their annual covered salary and the City of DeRidder is required to contribute at an actuarially determined rate. The current rate is 26.5% of annual covered payroll. The contribution requirements of plan members and the City of DeRidder are established and may be amended by state statute. As provided by R.S. 11.103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of DeRidder's contributions to the System for the years ending September 30, 2011, 2010 and 2009, were \$297,757, \$159,520, and \$107,183, respectively, equal to the required contributions for each year.

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

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 8% of their annual covered salary and the City of DeRidder is required to contribute at an actuarially determined rate. The current rate is 23.25% of annual covered payroll. The contribution requirements of plan members and the City of DeRidder are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of DeRidder's contributions to the System for the years ending September 30, 2011, 2010, and 2009, were \$165,830, \$120,705, and \$87,865, respectively, equal to the required contributions for each year.

12. Postemployment Health Care and Life Insurance Benefits

The City provides certain continuing health care and life insurance benefits for the City's retired employees. Substantially, all of the City's employees become eligible for these benefits if they reach normal retirement age while working for the City. Those benefits for retirees are provided through Humana, United Healthcare 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, 2011, there were thirty-one retirees and the costs of their benefits totaled \$112,043.

The City's Annual Required Contributions ("ARC") is an amount actuarially-determined in accordance with GASB 45, which is being implemented prospectively for the year ended September 30, 2011. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize the beginning Unfunded Actuarial Liability ("UAL") over a period of 30 years. A 30 year, closed amortization period has been used with a level-dollar amortization factor. The total ARC for the fiscal year 2011 is \$994,354 which consists of normal cost of \$458,251 and amortization of UAL of \$536,103.

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

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

Discount Rate	Fiscal Year Ending	
	Septmeber 30, 2010	September 30, 2011
<b>Determination of Annual Required Contribution</b>		
Normal Cost at fiscal year end	\$ 418,733	\$ 458,251
Amortization of UAAL	383,511	536,103
Annual Required Contribution (ARC)	<u>\$ 802,244</u>	<u>\$ 994,354</u>
<b>Determination of Net OPEB Obligation</b>		
Annual Required Contribution	\$ 802,244	\$ 994,354
Interest on prior year Net OPEB Obligation	29,062	56,384
Adjustment to ARC	<u>(42,016)</u>	<u>(84,594)</u>
Annual OPEB Cost	\$ 789,290	\$ 966,144
Assumed Contributions made	<u>(106,242)</u>	<u>(112,043)</u>
Estimated Increase in Net OPEB Obligation	\$ 683,048	\$ 854,101
Net OPEB Obligation - beginning of year	\$ 726,543	\$ 1,409,591
Estimated Net OPEB Obligation - end of year	\$ 1,409,591	\$ 2,263,692

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

Fiscal Year End	Discount Rate	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/2009	4.00%	\$ 802,244	9.4%	\$ 726,543
9/30/2010	4.00%	789,290	13.5%	1,409,591
9/30/2011	4.00%	966,144	11.6%	2,263,692

Utilizing the pay-as-you-go method, the City contributed 11.6% of the annual OPEB cost during 2010.

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations. In the September 30, 2011 actuarial valuation, the "Closed Group" method was used, employees and retirees as of the valuation date were used and employees to be hired in the future were not considered. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend

City of DeRidder, Louisiana

Notes to the Financial Statements (Concluded)

rate of 6.7% initially, reduced by decrements to an ultimate rate of 4.2% after seventy years. The RP-2000 mortality table projected to 2012 using Scale AA was used in the actuarial calculation. An inservice-related turnover scale was used for MERS and FFRS participants and an age-related turnover scale was used for MPERS participants. The remaining amortization period at September 30, 2011 was 27 years.

**REQUIRED SUPPLEMENTAL INFORMATION**

General Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to GAAP differences over (under)	Actual Amount GAAP Basis
	Original	Final			
<b>Revenues</b>					
<b>Taxes.</b>					
Ad valorem	\$ 630,400	\$ 646,900	\$ 646,867	\$ (33)	\$ 646,867
Insurance premium tax	35,000	40,200	40,230	30	40,230
Chain store tax	11,400	9,100	11,170	2,070	11,170
Franchise tax	525,000	581,000	615,121	34,121	615,121
Alcohol tax	22,000	21,800	22,723	923	22,723
<b>Intergovernmental:</b>					
Federal grants	30,000	21,900	28,408	6,508	28,408
State grants	300,000	17,452	17,468	16	17,468
Local grants	75,000	143,348	148,823	5,475	148,823
Occupational licenses and permits	590,600	559,800	562,155	2,355	562,155
Cemetery sales	12,500	20,800	20,776	(24)	20,776
Fees and charges for services	22,600	18,600	18,356	(244)	18,356
Investment income	4,200	2,800	2,834	34	2,834
Rental income	26,400	26,400	26,400	-	26,400
Donations	15,000	23,100	23,251	151	23,251
Other revenue	9,200	5,000	5,126	126	5,126
<b>Total revenues</b>	<b>\$ 2,309,300</b>	<b>\$ 2,138,200</b>	<b>\$ 2,189,708</b>	<b>\$ 51,508</b>	<b>\$ 2,189,708</b>

(Continued)

**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**For the Year Ended September 30, 2011**

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to GAAP differences over (under)	Actual Amount GAAP Basis
	Original	Final			
<b>Expenditures</b>					
<b>Current operating:</b>					
General government	\$ 750,600	\$ 716,600	\$ 702,890	\$ 13,710	\$ 702,890
Public safety	3,918,700	3,937,900	3,884,061	53,839	3,884,061
Culture & recreation	142,700	155,700	156,940	(1,240)	156,940
<b>Debt service:</b>					
Principal	45,000	45,000	45,000	-	45,000
Interest and charges	7,800	7,800	7,750	50	7,750
Capital outlay	842,500	633,300	666,724	(33,424)	666,724
<b>Total expenditures</b>	<b>\$ 5,707,300</b>	<b>\$ 5,496,300</b>	<b>\$ 5,463,365</b>	<b>\$ 32,935</b>	<b>\$ 5,463,365</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (3,398,000)</b>	<b>\$ (3,358,100)</b>	<b>\$ (3,273,657)</b>	<b>\$ 84,443</b>	<b>\$ (3,273,657)</b>
<b>Other financing sources (uses):</b>					
Transfers in	\$ 3,180,800	\$ 3,218,100	\$ 3,213,326	\$ (4,774)	\$ 3,213,326
Transfers out	(56,000)	(56,000)	(56,000)	-	(56,000)
Insurance proceeds	-	-	10,616	10,616	10,616
Gain on sale of assets	5,000	2,600	2,622	22	2,622
<b>Total other financing sources (uses)</b>	<b>\$ 3,129,800</b>	<b>\$ 3,164,700</b>	<b>\$ 3,170,564</b>	<b>\$ 5,864</b>	<b>\$ 3,170,564</b>
<b>Net change in fund balance</b>	<b>\$ (268,200)</b>	<b>\$ (193,400)</b>	<b>\$ (103,093)</b>	<b>\$ 90,307</b>	<b>\$ (103,093)</b>
<b>Fund balances at beginning of year</b>	<b>1,087,156</b>	<b>1,385,279</b>	<b>1,385,279</b>	<b>-</b>	<b>1,385,279</b>
<b>Fund balances at end of year</b>	<b>\$ 818,956</b>	<b>\$ 1,191,879</b>	<b>\$ 1,282,186</b>	<b>\$ 90,307</b>	<b>\$ 1,282,186</b>

(Concluded)



Sales Tax Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to GAAP differences over (under)	Actual Amount GAAP Basis
	Original	Final			
<b>Revenues</b>					
Taxes					
Sales	\$ 5,700,000	\$ 5,800,000	\$ 5,794,614	\$ (5,386)	\$ 5,794,614
Fees and charges for services	14,600	14,600	14,580	(20)	14,580
Investment income	4,700	3,500	3,426	(74)	3,426
<b>Total revenues</b>	<b>\$ 5,719,300</b>	<b>\$ 5,818,100</b>	<b>\$ 5,812,620</b>	<b>\$ (5,480)</b>	<b>\$ 5,812,620</b>
<b>Expenditures</b>					
General government	\$ 453,100	\$ 458,500	\$ 445,756	\$ 12,744	\$ 445,756
Public works	1,899,200	1,870,500	1,867,526	2,974	1,867,526
Capital outlay	35,000	-	-	-	-
<b>Total expenditures</b>	<b>\$ 2,387,300</b>	<b>\$ 2,329,000</b>	<b>\$ 2,313,282</b>	<b>\$ 15,718</b>	<b>\$ 2,313,282</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ 3,332,000</b>	<b>\$ 3,489,100</b>	<b>\$ 3,499,338</b>	<b>\$ 10,238</b>	<b>\$ 3,499,338</b>
<b>Other financing sources (uses).</b>					
Transfers in	\$ 10,000	\$ 10,000	\$ 10,000	\$ -	\$ 10,000
Transfers out	(3,728,000)	(3,765,300)	(3,855,027)	(89,727)	(3,855,027)
Insurance proceeds	500	4,300	4,316	16	4,316
Gain on sale of assets	3,000	800	759	(41)	759
<b>Total other financing sources (uses)</b>	<b>\$ (3,714,500)</b>	<b>\$ (3,750,200)</b>	<b>\$ (3,839,952)</b>	<b>\$ (89,752)</b>	<b>\$ (3,839,952)</b>
<b>Net change in fund balance</b>	<b>\$ (382,500)</b>	<b>\$ (261,100)</b>	<b>\$ (340,614)</b>	<b>\$ (79,514)</b>	<b>\$ (340,614)</b>
<b>Fund balances at beginning of year</b>	<b>1,668,363</b>	<b>2,146,652</b>	<b>2,146,652</b>	<b>-</b>	<b>2,146,652</b>
<b>Fund balances at end of year</b>	<b>\$ 1,285,863</b>	<b>\$ 1,885,552</b>	<b>\$ 1,806,038</b>	<b>\$ (79,514)</b>	<b>\$ 1,806,038</b>

Other Postemployment Benefits (OPEB)  
 Funding Schedule  
 For the Year Ended September 30, 2011

Schedule of Funding Progress (4.0% discount rate)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Discount Rate</u>	<u>Actuarial Accrued Liabilities (AAL) (1)</u>	<u>Unfunded Actuarial Accrued Liabilities (UAAL) (2)</u>	<u>Funded Ratio</u>
October 1, 2008	-	4.00%	\$ 6,631,693	\$ 6,631,693	0.0%
October 1, 2009	-	4.00%	6,631,693	6,631,693	0.0%
October 1, 2010	-	4.00%	8,933,129	8,933,129	0.0%

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

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

**OTHER SUPPLEMENTAL SCHEDULES**

City of DeRidder, Louisiana

Nonmajor Fund

**DEBT SERVICE FUND**

Debt Service Fund – Certificate of Indebtedness, Series 2006 - to accumulate monies for payment of the 2006, \$245,000, certificates of indebtedness at an interest rate of 3.95%.

Balance Sheet  
Nonmajor Governmental Fund  
September 30, 2011

		<u>Debt Service</u>
		<u>Debt Service Fund</u>
	<b>Assets</b>	
Cash in Bank		<u>\$ 5,484</u>
Fund Balances Assigned		<u>\$ 5,484</u>

Statement of Revenues, Expenditures and  
 Changes in Fund Balances  
 Nonmajor Governmental Fund  
 For the Year Ended September 30, 2011

		<u>Debt Service</u>
		<u>Debt Service Fund</u>
	<b>Revenues</b>	
Interest		<u>\$ 48</u>
	<b>Expenditures</b>	
Principal		\$ 54,000
Interest and charges		2,180
Total Expenditures		<u>\$ 56,180</u>
Excess (Deficiency) of Revenues Over Expenditures		<u>\$ (56,132)</u>
Other Financing Sources (Uses) Transfers in		<u>\$ 46,000</u>
Net Change in Fund Balances		\$ (10,132)
Fund Balances at beginning of year		<u>15,616</u>
Fund Balances at end of year		<u>\$ 5,484</u>

Schedule of Compensation of Board Members  
For the Fiscal Year Ended September 30, 2011

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

## OTHER REPORTS



Schedule of Prior Year Audit Findings  
For the Year Ended September 30, 2011

**Finding – Financial Statement Audit**

There were no prior year audit findings as of September 30, 2010

Schedule of Current Year Audit Findings and Management's Response  
For the Year Ended September 30, 2011

Finding – Financial Statement Audit

There were no current year audit findings as of September 30, 2011.

# John A. Windham, CPA

*A Professional Corporation*

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John A. Windham, CPA

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

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

I have audited 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, 2011, which collectively comprise the City of DeRidder, Louisiana's basic financial statements and have issued my report thereon dated January 31, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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.

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

### Compliance and Other Matters

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

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

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

A handwritten signature in black ink that reads "John H. Windham, CPA". The signature is written in a cursive style with a large initial 'J'.

DeRidder, Louisiana  
January 31, 2012