

CITY OF DERIDDER, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
SEPTEMBER 30, 2013

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of DeRidder, Louisiana, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of DeRidder, Louisiana as of September 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information, on pages 37-39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of DeRidder, Louisiana's basic financial statements. The individual nonmajor fund financial statements and schedule of per diem paid to board members are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The individual nonmajor fund financial statements, schedule of per diem paid to board members and schedule of expenditures of federal awards 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 addition procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the individual nonmajor fund financial statements, schedule of per diem paid to board members and schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated February 4, 2014, on my consideration of the City of DeRidder, Louisiana's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of DeRidder, Louisiana's internal control over financial reporting and compliance.



DeRidder, Louisiana
February 4, 2014

Statement of Net Position
September 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,369,189	\$ 3,239,765	\$ 7,608,954
Receivables:			
Franchise taxes	143,536	-	143,536
Alcohol taxes	6,247	-	6,247
Ad valorem taxes	163	-	163
Sales taxes	440,238	-	440,238
Accounts - net of allowance for doubtful accounts	4,402	275,745	280,147
Federal grants	12,517	186,700	199,217
State grants	2,729	-	2,729
Local grants	18,234	-	18,234
Due from other funds	50,000	-	50,000
Restricted cash and cash equivalents	-	34,100	34,100
Capital assets, not being depreciated	1,244,228	689,810	1,934,038
Capital assets, being depreciated - net	8,464,791	13,765,315	22,230,106
Total assets	<u>\$ 14,756,274</u>	<u>\$ 18,191,435</u>	<u>\$ 32,947,709</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows:			
Prepaid insurance	\$ 110,128	\$ 25,883	\$ 136,011
Total assets and deferred outflows of resources	<u>\$ 14,866,402</u>	<u>\$ 18,217,318</u>	<u>\$ 33,083,720</u>
LIABILITIES			
Accounts payable	\$ 143,030	\$ 76,474	\$ 219,504
Payroll taxes payable	151,775	28,498	180,273
Contracts payable	-	280,039	280,039
Accrued interest payable	356	-	356
Due to other funds	50,000	-	50,000
Long term liabilities:			
Due within one year	187,247	20,064	207,311
Due in more than one year	3,817,472	958,979	4,776,451
Total liabilities	<u>\$ 4,349,880</u>	<u>\$ 1,364,054</u>	<u>\$ 5,713,934</u>
NET POSITION			
Net investment in capital assets	\$ 9,654,019	\$ 14,209,186	\$ 23,863,205
Restricted for:			
Transit services	162,851	-	162,851
Sales tax	1,648,768	-	1,648,768
Unrestricted	(949,116)	2,644,078	1,694,962
Total net position	<u>\$ 10,516,522</u>	<u>\$ 16,853,264</u>	<u>\$ 27,369,786</u>
Total liabilities and net position	<u>\$ 14,866,402</u>	<u>\$ 18,217,318</u>	<u>\$ 33,083,720</u>

The accompanying notes are an integral part of this statement.

Statement of Activities
For the Year Ended September 30, 2013

Program Activities	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government and administration	\$ 1,477,815	\$ 420	\$ 8,950	\$ 40,000	\$ (1,428,445)	\$ -	\$ (1,428,445)
Public safety	5,155,738	9,266	115,838	434,787	(4,595,847)	-	(4,595,847)
Public works	2,252,899	8,922	14,580	-	(2,229,397)	-	(2,229,397)
Culture & recreation	213,144	-	21,395	159,632	(32,117)	-	(32,117)
Transit	354,477	25,476	176,320	29,750	(122,931)	-	(122,931)
Interest on long term debt	3,745	-	-	-	(3,745)	-	(3,745)
Unallocated depreciation**	32,868	-	-	-	(32,868)	-	(32,868)
Total governmental activities	\$ 9,490,686	\$ 44,084	\$ 337,083	\$ 664,169	\$ (8,445,350)	\$ -	\$ (8,445,350)
Business-type activities:							
Water and sewer	\$ 3,030,888	\$ 2,495,319	\$ -	\$ 401,030	\$ -	\$ (134,539)	\$ (134,539)
Total government	\$ 12,521,574	\$ 2,539,403	\$ 337,083	\$ 1,065,199	\$ (8,445,350)	\$ (134,539)	\$ (8,579,889)
General revenues:							
Taxes:							
Ad valorem taxes					\$ 704,071	\$ -	\$ 704,071
Sales taxes					6,277,238	-	6,277,238
Insurance premium tax					45,569	-	45,569
Chain store tax					12,365	-	12,365
Franchise tax					584,427	-	584,427
Alcohol tax					23,454	-	23,454
Occupational licenses and permits					593,959	-	593,959
Investment earnings					5,356	5,132	10,488
Gain (Loss) on sale of assets					22,271	2,851	25,122
Rental income					43,350	-	43,350
Transfers in					4,069,325	62,294	4,131,619
Transfers out					(4,015,325)	(116,294)	(4,131,619)
					\$ 8,366,060	\$ (46,017)	\$ 8,320,043
					\$ (79,290)	\$ (180,556)	\$ (259,846)
					10,595,812	17,033,820	27,629,632
					\$ 10,516,522	\$ 16,853,264	\$ 27,369,786

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

The accompanying notes are an integral part of the statement.

Balance Sheet
Governmental Funds
September 30, 2013

	Major Funds				Total Governmental Funds
	General	Sales Tax Fund	Street Construction J Fund	Other Governmental Funds	
ASSETS					
Cash and cash equivalents	\$ 1,366,485	\$ 1,274,352	\$ 1,621,205	\$ -	\$ 4,262,042
Receivables:					
Franchise taxes	143,536	-	-	-	143,536
Alcohol taxes	6,247	-	-	-	6,247
Ad valorem taxes	163	-	-	-	163
Sales taxes	-	440,238	-	-	440,238
Accounts receivable	2,513	-	-	-	2,513
Intergovernmental:					
Federal grants	12,517	-	-	-	12,517
State grants	2,729	-	-	-	2,729
Local grants	18,234	-	-	-	18,234
Due from other funds	-	50,000	-	-	50,000
Total assets	<u>\$ 1,552,424</u>	<u>\$ 1,764,590</u>	<u>\$ 1,621,205</u>	<u>\$ -</u>	<u>\$ 4,938,219</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows:					
Prepaid insurance	\$ 95,004	\$ 15,124	\$ -	\$ -	\$ 110,128
Total assets and deferred outflows of resources	<u>\$ 1,647,428</u>	<u>\$ 1,779,714</u>	<u>\$ 1,621,205</u>	<u>\$ -</u>	<u>\$ 5,048,347</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 33,781	\$ 106,059	\$ 3,190	\$ -	\$ 143,030
Payroll taxes payable	126,888	24,887	-	-	151,775
Due to other funds	50,000	-	-	-	50,000
Total liabilities	<u>\$ 210,669</u>	<u>\$ 130,946</u>	<u>\$ 3,190</u>	<u>\$ -</u>	<u>\$ 344,805</u>
Fund Balances:					
Nonspendable					
Not in spendable form	\$ 95,004	\$ -	\$ -	\$ -	\$ 95,004
Restricted	162,851	1,648,768	-	-	1,811,619
Committed	-	-	1,618,015	-	1,618,015
Assigned	1,056,443	-	-	-	1,056,443
Unassigned	122,461	-	-	-	122,461
Total fund balances	<u>\$ 1,436,759</u>	<u>\$ 1,648,768</u>	<u>\$ 1,618,015</u>	<u>\$ -</u>	<u>\$ 4,703,542</u>
Total liabilities and fund balances	<u>\$ 1,647,428</u>	<u>\$ 1,779,714</u>	<u>\$ 1,621,205</u>	<u>\$ -</u>	<u>\$ 5,048,347</u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet
to Statement of Net Position
September 30, 2013

Total fund balance - total governmental funds	\$	4,703,542
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.		9,241,444
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.		109,036
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.		(356)
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.		467,575
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	\$	(187,247)
Due in more than one year		(3,817,472)
		<u>(4,004,719)</u>
Net position of governmental activities	\$	<u><u>10,516,522</u></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, 2013

	Major Funds				Total Governmental Funds
	General Fund	Sales Tax Fund	Street Construction J Fund	Other Governmental Funds	
Revenues					
Taxes:					
Ad valorem	\$ 704,071	\$ -	\$ -	\$ -	\$ 704,071
Sales tax	-	6,277,238	-	-	6,277,238
Insurance premium tax	45,569	-	-	-	45,569
Chain store tax	12,365	-	-	-	12,365
Franchise tax	584,427	-	-	-	584,427
Alcohol tax	23,454	-	-	-	23,454
Intergovernmental:					
Federal grants	619,945	-	-	-	619,945
State grants	94,753	-	-	-	94,753
Local grants	256,385	-	-	-	256,385
Occupational licenses and permits	593,959	-	-	-	593,959
Fees and charges for services	44,085	14,580	-	-	58,665
Investment income	2,037	1,535	1,632	3	5,207
Rental income	43,350	-	-	-	43,350
Donations	15,588	-	-	-	15,588
Total revenues	<u>\$ 3,039,988</u>	<u>\$ 6,293,353</u>	<u>\$ 1,632</u>	<u>\$ 3</u>	<u>\$ 9,334,976</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended September 30, 2013

	Major Funds				Total Governmental Funds
	General Fund	Sales Tax Fund	Street Construction J Fund	Other Governmental Funds	
Expenditures					
Current operating:					
General government	\$ 885,280	\$ 462,255	\$ -	\$ -	\$ 1,347,535
Public safety	4,383,066	-	-	-	4,383,066
Public works	-	2,009,371	-	-	2,009,371
Culture & recreation	138,779	-	-	-	138,779
Transit	316,844	-	-	-	316,844
Debt service:					
Principal	50,000	-	-	-	50,000
Interest and charges	4,069	-	-	-	4,069
Capital outlay	710,652	31,434	584,061	-	1,326,147
Total expenditures	<u>\$ 6,488,690</u>	<u>\$ 2,503,060</u>	<u>\$ 584,061</u>	<u>\$ -</u>	<u>\$ 9,575,811</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (3,448,702)</u>	<u>\$ 3,790,293</u>	<u>\$ (582,429)</u>	<u>\$ 3</u>	<u>\$ (240,835)</u>
Other financing sources (uses)					
Transfer in	\$ 3,457,325	\$ 12,000	\$ 600,000	\$ -	\$ 4,069,325
Transfer out	(12,000)	(4,003,325)	-	-	(4,015,325)
Insurance proceeds	-	-	-	-	-
Sale of assets	22,271	-	-	-	22,271
Total other financing sources (uses)	<u>\$ 3,467,596</u>	<u>\$ (3,991,325)</u>	<u>\$ 600,000</u>	<u>\$ -</u>	<u>\$ 76,271</u>
Net change in fund balance	\$ 18,894	\$ (201,032)	\$ 17,571	\$ 3	\$ (164,564)
Fund balances at beginning of year	1,412,371	1,849,800	1,600,444	5,491	4,868,106
Residual equity transfer	5,494	-	-	(5,494)	-
Fund balances at end of year	<u>\$ 1,436,759</u>	<u>\$ 1,648,768</u>	<u>\$ 1,618,015</u>	<u>\$ -</u>	<u>\$ 4,703,542</u>

(Concluded)

The accompanying notes are an integral part of this statement.

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

For the Year Ended September 30, 2013

Net change in fund balances - total governmental funds		\$ (164,564)
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.		(33,026)
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	710,652	
Sales tax fund	31,434	
Capital projects fund	<u>584,061</u>	
		1,326,147
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.		(488,952)
Accrued interest on long term debt is not shown in the governmental funds.		324
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.		(733,162)
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>(36,057)</u>
Change in net position of governmental activities		<u><u>\$ (79,290)</u></u>

The accompanying notes are an integral part of this statement.

Statement of Net Position
 Proprietary Funds
 September 30, 2013

	Business-type Activities Enterprise Funds			Governmental Activities
	LCDBG Sewer Project	Water and Sewer	Total	Internal Service Fund
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 5	\$ 3,239,760	\$ 3,239,765	\$ 107,147
Receivables:				
Accounts - net of allowance for doubtful accounts	-	275,745	275,745	1,889
Grants	186,700	-	186,700	-
Total current assets	<u>\$ 186,705</u>	<u>\$ 3,515,505</u>	<u>\$ 3,702,210</u>	<u>\$ 109,036</u>
Noncurrent Assets				
Restricted cash and cash equivalents	\$ -	\$ 34,100	\$ 34,100	\$ -
Capital assets not being depreciated	543,111	146,699	689,810	-
Capital assets being depreciated - net	-	14,232,890	14,232,890	-
Total noncurrent assets	<u>\$ 543,111</u>	<u>\$ 14,413,689</u>	<u>\$ 14,956,800</u>	<u>\$ -</u>
Total assets	<u>\$ 729,816</u>	<u>\$ 17,929,194</u>	<u>\$ 18,659,010</u>	<u>\$ 109,036</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows:				
Prepaid insurance	\$ -	\$ 25,883	\$ 25,883	\$ -
Total assets and deferred outflows of resources	<u>\$ 729,816</u>	<u>\$ 17,955,077</u>	<u>\$ 18,684,893</u>	<u>\$ 109,036</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Net Position
 Proprietary Funds
 September 30, 2013

	Business-type Activities Enterprise Funds			Governmental Activities
	LCDBG Sewer Project	Water and Sewer	Total	Internal Service Fund
LIABILITIES				
Current Liabilities				
Accounts payable	\$ -	\$ 76,474	\$ 76,474	\$ -
Contracts payable	59,239	-	59,239	-
Payroll taxes payable	-	28,498	28,498	-
Other postemployment benefits	-	20,064	20,064	-
Total current liabilities	<u>\$ 59,239</u>	<u>\$ 125,036</u>	<u>\$ 184,275</u>	<u>\$ -</u>
Liabilities payable from restricted assets				
Contracts payable	<u>\$ 186,700</u>	<u>\$ 34,100</u>	<u>\$ 220,800</u>	<u>\$ -</u>
Noncurrent Liabilities				
Customer deposits	\$ -	\$ 155,961	\$ 155,961	\$ -
Compensated absences	-	227,484	227,484	-
Other postemployment benefits	-	575,534	575,534	-
Total noncurrent liabilities	<u>\$ -</u>	<u>\$ 958,979</u>	<u>\$ 958,979</u>	<u>\$ -</u>
Total liabilities	<u>\$ 245,939</u>	<u>\$ 1,118,115</u>	<u>\$ 1,364,054</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	\$ 483,872	\$ 14,337,401	\$ 14,821,273	\$ -
Unrestricted	<u>5</u>	<u>2,499,561</u>	<u>2,499,566</u>	<u>109,036</u>
Total net position	<u>\$ 483,877</u>	<u>\$ 16,836,962</u>	<u>\$ 17,320,839</u>	<u>\$ 109,036</u>
Total liabilities and net position	<u>\$ 729,816</u>	<u>\$ 17,955,077</u>	<u>\$ 18,684,893</u>	<u>\$ 109,036</u>

(Concluded)

The accompanying notes are an integral part of this statement.

Reconciliation of the Proprietary Funds Statement of Net Position
to the Statement of Net Position
For the Year Ended September 30, 2013

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	\$ 17,320,839
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>(467,575)</u>
Net position of business type activities	<u>\$ 16,853,264</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, 2013

	Business-type Activities Enterprise Funds			Governmental Activities
	LCDBG Sewer Project	Water and Sewer	Total	Internal Service Funds
Operating revenues				
Charges for services	\$ -	\$ 2,495,319	\$ 2,495,319	\$ -
Total operating revenues	<u>\$ -</u>	<u>\$ 2,495,319</u>	<u>\$ 2,495,319</u>	<u>\$ -</u>
Operating expenses				
Personal services	\$ -	\$ 1,304,537	\$ 1,304,537	\$ -
Supplies	-	245,330	245,330	-
Contractual services	-	576,066	576,066	-
Depreciation	-	825,285	825,285	-
Uncollectible accounts	-	94,632	94,632	-
Claims	-	-	-	36,206
Total operating expenses	<u>\$ -</u>	<u>\$ 3,045,850</u>	<u>\$ 3,045,850</u>	<u>\$ 36,206</u>
Income (loss) from operations	<u>\$ -</u>	<u>\$ (550,531)</u>	<u>\$ (550,531)</u>	<u>\$ (36,206)</u>
Nonoperating revenues (expenses)				
Interest income	\$ -	\$ 5,132	\$ 5,132	\$ 149
Sale of assets	-	2,851	2,851	-
Total nonoperating revenues (expenses)	<u>\$ -</u>	<u>\$ 7,983</u>	<u>\$ 7,983</u>	<u>\$ 149</u>
Income (loss) before transfers	\$ -	\$ (542,548)	\$ (542,548)	\$ (36,057)
Transfers in	62,294	-	62,294	-
Transfers out	-	(116,294)	(116,294)	-
Capital contributions	400,000	1,030	401,030	-
Change in net position	<u>\$ 462,294</u>	<u>\$ (657,812)</u>	<u>\$ (195,518)</u>	<u>\$ (36,057)</u>
Net position at beginning year	21,583	17,494,774	17,516,357	145,093
Net position at end of year	<u>\$ 483,877</u>	<u>\$ 16,836,962</u>	<u>\$ 17,320,839</u>	<u>\$ 109,036</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, 2013

Net change in net position - total proprietary funds	\$ (195,518)
Depreciation on capital assets reported in the proprietary fund but financed with general obligation debt has been transferred to governmental activities in the government wide statement of activities.	<u>14,962</u>
Change in net position of proprietary activities	<u>\$ (180,556)</u>

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2013

	Business-type Activities Enterprise Funds			Governmental Activities
	LCDBG Sewer Project	Water and Sewer	Total	Internal Service Fund
Cash flows from operating activities:				
Cash received from customers	\$ -	\$ 2,452,167	\$ 2,452,167	\$ -
Cash payments to suppliers for goods and services	-	(871,335)	(871,335)	(38,095)
Cash payments for employee services and employee related fringe benefits	-	(1,166,378)	(1,166,378)	-
Net cash provided (used) by operating activities	<u>\$ -</u>	<u>\$ 414,454</u>	<u>\$ 414,454</u>	<u>\$ (38,095)</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	\$ 62,294	\$ -	\$ 62,294	\$ -
Transfers out to other funds	-	(116,294)	(116,294)	-
Insurance proceeds	-	-	-	-
Net cash provided (used) for noncapital financing activities	<u>\$ 62,294</u>	<u>\$ (116,294)</u>	<u>\$ (54,000)</u>	<u>\$ -</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	\$ (275,611)	\$ (217,658)	\$ (493,269)	\$ -
Disposal of capital assets	-	3,038	3,038	-
Grant revenue received	213,317	1,030	214,347	-
Net cash provided (used) for capital and related financing activities	<u>\$ (62,294)</u>	<u>\$ (213,590)</u>	<u>\$ (275,884)</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, 2013

	Business-type Activities Enterprise Funds			Governmental Activities
	LCDBG Sewer Project	Water and Sewer	Total	Internal Service Fund
Cash flows from investing activities:				
Interest on cash management activities:	\$ -	\$ 5,132	\$ 5,132	\$ 149
Net increase (decrease) in cash and cash equivalents	\$ -	\$ 89,702	\$ 89,702	\$ (37,946)
Cash and cash equivalents, beginning of year	5	3,184,158	3,184,163	145,093
Cash and cash equivalents, end of year	\$ 5	\$ 3,273,860	\$ 3,273,865	\$ 107,147
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ -	\$ (550,531)	\$ (550,531)	\$ (36,206)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	\$ -	\$ 825,285	\$ 825,285	\$ -
Increase (decrease) in accounts receivable	-	50,484	50,484	(1,889)
Increase in accounts payable	-	(51,389)	(51,389)	-
Decrease in salaries payable	-	1,200	1,200	-
Increase in employee benefits payable	-	(11,007)	(11,007)	-
Increase in customer deposits	-	996	996	-
Increase in compensated absences payable	-	16,023	16,023	-
Increase in prepaid insurance	-	250	250	-
Increase in other postemployment benefits payable	-	133,143	133,143	-
Total adjustments	\$ -	\$ 964,985	\$ 964,985	\$ (1,889)
Net cash provided (used) by operating activities:	\$ -	\$ 414,454	\$ 414,454	\$ (38,095)

(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, 2013

INTRODUCTION

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

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

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

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

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

Blended Components Units

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

The City of DeRidder had no blended component units as of September 30, 2013.

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, 2013.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

The municipality reports the following major governmental funds:

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

Special Revenue Fund

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

Capital Projects Funds

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

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

The municipality reports the following major proprietary funds:

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

LCDBG Sewer Project Fund

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

The municipality reports the following nonmajor government funds:

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.

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

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

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

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

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

C. Deposits and Investments

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

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

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.

D. Receivables and Payables

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

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

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

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

Property Tax Calendar

Assessment date	January 1, 2012
Levy date	June 30, 2012
Tax bills mailed	October 15, 2012
Total taxes are due	December 31, 2012
Penalties & interest due	January 31, 2013
Lien date	January 31, 2013
Tax sale	May 31, 2013

For the year ended September 30, 2013, taxes of 10.41 mills were levied on property with an assessed valuation totaling \$65,436,657, and were dedicated as follows:

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

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

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

<u>Taxpayer</u>	Type of <u>Business</u>	Assessed <u>Valuation</u>	% of Total Assessed <u>Valuation</u>	Ad Valorem Tax Revenue for <u>Municipality</u>
Meadwestvaco	Manufacturer	\$ 7,232,064	11.05%	\$ 75,286

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, 2032, is dedicated and used for the following purposes:

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

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

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

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

E. Prepaid Items

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

F. Restricted Assets

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

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

G. Capital Assets

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

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

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

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 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. 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 <i>restricted fund balance</i> . Fund balance should be reported as restricted when constraints placed on the use of resources are either: <ul style="list-style-type: none">a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; orb. Imposed by law through constitutional provisions or enabling legislation. |
| Committed | Committed fund balance classifications include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city's highest level of decision making authority. |
| Assigned | Assigned fund balance classifications include amounts that have been constrained to being used for specific purposes by actions taken by the government itself. However, the authority for making an assignment is not required to be the government's highest level of decision making authority. |
| Unassigned | Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. |

K. Restricted Net Position

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

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

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. Bad Debts

Uncollectible amounts due for customer's utility receivables are recognized as bad debts though the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. Allowance for bad debts at September 30, 2013 was \$94,632.

O. Recently Issued and Adopted Accounting Pronouncements

In June 2011, the GASB issued Statement 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. GASB 64 provides clarification on whether an effective hedging relationship continues after the replacement of the swap counterparty or a swap counterparty's credit support provider. This statement is effective for periods beginning after June 15, 2011. The adoption of GASB 64 does not have any impact on the City's current financial statements.

In December 2010, the GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements;

Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This statement is effective for periods beginning after December 15, 2011.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components; assets, deferred outflows of resources, liabilities and deferred inflows of resources when applicable. This statement is effective for periods beginning after December 15, 2011.

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

In November 2010, the GASB issued Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*. GASB 60 provides financial reporting guidance for service concession arrangements (SCAs). SCAs are defined as an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This statement is effective for periods beginning after December 15, 2011. The City does not have any SCAs and therefore the adoption of GASB 60 does not have any impact on the City’s financial statements.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 properly classifies and recognizes certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. The provisions of the Statement are effective for financial statements for periods beginning after December 15, 2012 although the City elected to early implement statement 65 in calendar year 2012.

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, 2012 and ending September 30, 2013 the budget was submitted to the City Council on August 13, 2012 and the public hearing was called for. After the public hearing was held, the budget was adopted by ordinance of the City Council.
2. Budgetary appropriations lapse at the end of each fiscal year.
3. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council.
4. Amendments to the budget are approved by the City Council by a formal adoption of an ordinance. The original budget is amended as necessary and all amendments are reflected in the budget comparisons in the financial statements.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Formal budgetary integration is not employed in the Debt Service Funds because effective budgetary control is alternatively achieved through bond indenture provisions.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS The following individual funds had actual expenditures over budgeted appropriations for the year ended September 30, 2013:

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$ 6,447,200	\$ 6,393,700	\$ 6,488,690	\$ 94,990

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

3. CASH AND CASH EQUIVALENTS

At September 30, 2013, the municipality has cash and cash equivalents (book balances) totaling \$7,643,054 as follows:

Demand deposits	\$ 78,691
Time deposits	167,127
Money market investment accounts	7,396,886
Petty cash	350
Total	<u>\$ 7,643,054</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, 2013, the municipality has \$7,756,934 in deposits (collected bank balances). These deposits are secured from risk by \$1,234,752 of federal deposit insurance and \$5,856,683 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The remaining balance of \$665,499 is not secured by the pledged securities and is a violation of state law.

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.

4. RECEIVABLES

The receivables of \$1,090,511 at September 30, 2013, are as follows:

Class of receivable	General Fund	Proprietary Funds	Special Revenue Fund	Internal Service Fund	Total
Taxes:					
Franchise	\$ 143,536	\$ -	\$ -	\$ -	\$ 143,536
Alcohol	6,247	-	-	-	6,247
Ad valorem	163	-	-	-	163
Federal grants	12,517	186,700	-	-	199,217
State grants	2,729	-	-	-	2,729
Local grants	18,234	-	-	-	18,234
Accounts	2,513	275,745	-	1,889	280,147
Sales taxes	-	-	440,238	-	440,238
Total	<u>\$ 185,939</u>	<u>\$ 462,445</u>	<u>\$ 440,238</u>	<u>\$ 1,889</u>	<u>\$ 1,090,511</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, 2013, for the primary government is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 742,930	\$ 169,932	\$ -	\$ 912,862
Work in progress	901,316	722,613	1,292,563	331,366
Total capital assets not being depreciated	<u>1,644,246</u>	<u>892,545</u>	<u>1,292,563</u>	<u>1,244,228</u>
Capital assets being depreciated				
Buildings	3,646,186	275,291	-	3,921,477
Improvements other than buildings	3,961,060	1,317,013	-	5,278,073
Furniture and fixtures	1,092	-	-	1,092
Machinery and equipment	1,574,475	-	6,536	1,567,939
Guns	14,882	-	-	14,882
Vehicles	2,083,363	133,861	52,880	2,164,344
Utility fund asset	598,493	-	-	598,493
Total capital assets being depreciated	<u>11,879,551</u>	<u>1,726,165</u>	<u>59,416</u>	<u>13,546,300</u>
Less accumulated depreciation for:				
Buildings	1,120,697	87,574	-	1,208,271
Improvements other than buildings	802,219	161,456	-	963,675
Furniture and fixtures	1,092	-	-	1,092
Machinery and equipment	1,172,511	76,796	6,536	1,242,771
Guns	3,319	1,488	-	4,807
Vehicles	1,436,179	146,676	52,880	1,529,975
Utility fund asset	115,956	14,962	-	130,918
Total accumulated depreciation	<u>4,651,973</u>	<u>488,952</u>	<u>59,416</u>	<u>5,081,509</u>
Total capital assets being depreciated, net	<u>\$ 7,227,578</u>	<u>\$ 1,237,213</u>	<u>\$ -</u>	<u>\$ 8,464,791</u>

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 57,221	\$ -	\$ -	\$ 57,221
Construction in progress	177,648	682,724	227,783	632,589
Total capital assets not being depreciated	<u>234,869</u>	<u>682,724</u>	<u>227,783</u>	<u>689,810</u>
Capital assets being depreciated				
Utility plant and improvements	33,198,811	253,562	8,324	33,444,049
Furniture and equipment	58,569	-	-	58,569
Vehicles	238,480	-	16,530	221,950
Total capital assets being depreciated	<u>33,495,860</u>	<u>253,562</u>	<u>24,854</u>	<u>33,724,568</u>
Less accumulated depreciation for:				
Utility plant and improvements	18,921,200	797,879	8,136	19,710,943
Furniture and equipment	58,041	-	-	58,041
Vehicles	194,355	12,444	16,530	190,269
Total accumulated depreciation	<u>19,173,596</u>	<u>810,323</u>	<u>24,666</u>	<u>19,959,253</u>
Total business-type assets being depreciated, net	<u>\$ 14,322,264</u>	<u>\$ (556,761)</u>	<u>\$ (188)</u>	<u>\$ 13,765,315</u>

Depreciation expense of \$488,952 for the year ended September 30, 2013, was charged to the following governmental functions:

Public works	\$ 164,439
Public safety	169,128
General administration	32,673
Recreation	74,365
Transit	15,479
Unallocated	32,868
Total	<u>\$ 488,952</u>

6. CONSTRUCTION COMMITMENTS

The municipality has active construction projects as of September 30, 2013. The City had the following construction projects. The Transit Garage Project provides a garage to house the Louisiana transit vans. The Bilbo/Roberts Street Drainage provides for improved drainage in this subdivision. The Sidewalk Project provides new sidewalks to existing streets. The Street Overlay 2011/2012 Project provides for maintenance and overlay of streets within the City. The Community Cemetery Project provides upgrades to the cemetery. The Robinson Street Waterline Project provides for new lines to be installed on Robinson Street. The Sawmill House Renovation Project provides for the renovation of an old sawmill house that has been moved to downtown DeRidder. The LCDBG Sewer Project provides for the replacement and extension of sewer lines within the city. At year-end the commitments with contractors were as follows:

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

<u>Projects</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Transit Garage	\$ 9,780	\$ 240,220
Robinson Street Waterline	89,478	111,213
Sidewalk Project	194,723	298,540
Street Overlay - 2011-2012	104,037	795,963
Bilbo/Roberts Street Drainage	11,155	338,845
Sawmill House Renovation	10,946	19,054
Community Cemetery Project	725	25,000
LCDBG Sewer Project	54,311	200,000

7. INTERFUND TRANSFERS

	<u>Transfer in</u>	<u>Transfer out</u>
Capital project fund	\$ 600,000	\$ -
General fund	3,457,325	12,000
Proprietary funds	62,294	116,294
Special revenue fund	12,000	4,003,325
Total	<u>\$ 4,131,619</u>	<u>\$ 4,131,619</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 \$479,080 at September 30, 2013, are as follows:

	<u>General Fund</u>	<u>Proprietary Funds</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
Withholdings	\$ 126,888	\$ 28,498	\$ 24,887	\$ -	\$ 180,273
Accounts	33,781	76,474	106,059	3,190	219,504
Other postemployment benefits	-	20,064	-	-	20,064
Contracts	-	280,039	-	-	280,039
Total	<u>\$ 160,669</u>	<u>\$ 405,075</u>	<u>\$ 130,946</u>	<u>\$ 3,190</u>	<u>\$ 699,880</u>

9. DUE TO/FROM OTHER FUNDS

	<u>Due to</u>	<u>Due from</u>
General fund	\$ 50,000	\$ -
Special revenue fund	-	50,000
Total	<u>\$ 50,000</u>	<u>\$ 50,000</u>

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

10. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended September 30, 2013.

	Proprietary Fund			
	Compensated Absences	Other Postemployment Benefits	Customer Deposits	Total
Long-term obligations at beginning of year	\$ 211,461	\$ 462,455	\$ 154,965	\$ 828,881
Additions	65,168	154,118	33,200	252,486
Principal and other payments	-	(20,975)	-	(20,975)
Compensated absences used	(49,145)	-	(32,204)	(81,349)
Long-term obligations at end of year	\$ 227,484	\$ 595,598	\$ 155,961	\$ 979,043

	Governmental Funds			
	Compensated Absences	Other Postemployment Benefits	Bonded Debt	Total
Long-term obligations at beginning of year	\$ 551,606	\$ 2,631,925	\$ 105,000	\$ 3,288,531
Additions	329,544	843,170	-	1,172,714
Principal and other payments	-	(110,008)	(50,000)	(160,008)
Compensated absences used	(296,518)	-	-	(296,518)
Long-term obligations at end of year	\$ 584,632	\$ 3,365,087	\$ 55,000	\$ 4,004,719

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, 2013:

	Proprietary Fund			
	Compensated Absences	Other Postemployment Benefits	Customer Deposits	Total
Current portion	\$ -	\$ 20,064	\$ -	\$ 20,064
Long-term portion	227,484	575,534	155,961	958,979
Total	\$ 227,484	\$ 595,598	\$ 155,961	\$ 979,043

	Governmental Funds			
	Other Postemployment Benefits	Bonded Debt	Compensated Absences	Total
Current portion	\$ 132,247	\$ 55,000	\$ -	\$ 187,247
Long-term portion	-	-	584,632	584,632
Total	\$ 132,247	\$ 55,000	\$ 584,632	\$ 771,879

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

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

Bonded Debt – Governmental Funds:

\$500,000 Series 2004 Water Improvement Bonds
 due in annual installments of \$45,000 to \$55,000 through
 August 2014; interest at the rate of 3.875% \$55,000

Year Ending September 30,	Principal Payments	Interest Payments	Total
2014	55,000	2,131	57,131

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, 2013, the statutory limit is \$22,902,830, and outstanding bonded debt totals \$55,000.

11. RESTRICTED FUND BALANCES

The governmental funds had fund balances as follows:

	General Fund	Major Special Revenue Fund	Major Capital Project Street Construction J Fund	Total
Fund Balances:				
Nonspendable:				
Prepaid insurance	\$ 95,004	\$ -	\$ -	\$ 95,004
Restricted for:				
Sales taxes	-	1,648,768	-	1,648,768
Transit services	162,851	-	-	162,851
Committed to:				
Street construction	-	-	1,618,015	1,618,015
Assigned to:				
Perpetual care	578,609	-	-	578,609
Capital improvements	477,834	-	-	477,834
Unassigned:	122,461	-	-	122,461
Total fund balances	\$ 1,436,759	\$ 1,648,768	\$ 1,618,015	\$ 4,703,542

12. RETIREMENT SYSTEMS

Substantially all employees of the City of DeRidder, are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana and the Fire Fighters Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

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

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

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

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

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

Funding Policy. Under Plan B, members are required by state statute to contribute 5% of their annual covered salary and the City of DeRidder is required to contribute at an actuarially determined rate. The current rate is 8.5% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City of DeRidder are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of DeRidder's contributions to the System under Plan B for the years ending September 30, 2013, 2012 and 2011, were \$126,872, \$120,209, and \$97,811, 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 10% of their annual covered salary and the City of DeRidder is required to contribute at an actuarially determined rate. The current rate is 31% 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, 2013, 2012 and 2011, were \$344,489, \$306,259, and \$297,757, respectively, equal to the required contributions for each year.

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 28.25% 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, 2013, 2012, and 2011, were \$184,151, \$175,133, and \$165,830, respectively, equal to the required contributions for each year.

13. Postemployment Health Care and Life Insurance Benefits

The City provides certain continuing health care and life insurance benefits for the City's retired employees. Substantially, all of the City's employees become eligible for these benefits if they reach normal retirement age while working for the City. Those benefits for retirees are provided through Humana, United Healthcare 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, 2013, there were thirty-three retirees and the costs of their benefits totaled \$130,983.

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, 2013. 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 2013 is \$1,067,120 which consists of normal cost of \$535,874 and amortization of UAL of \$531,246.

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 (Concluded)

Discount Rate	Fiscal Year Ending	
	September 30, 2012	September 30, 2013
Determination of Annual Required Contribution		
Normal Cost at fiscal year end	\$ 458,251	\$ 535,874
Amortization of UAAL	536,103	531,246
Annual Required Contribution (ARC)	\$ 994,354	\$ 1,067,120
Determination of Net OPEB Obligation		
Annual Required Contribution	\$ 994,354	\$ 1,067,120
Interest on prior year Net OPEB Obligation	90,548	123,775
Adjustment to ARC	(135,850)	(193,607)
Annual OPEB Cost	\$ 949,052	\$ 997,288
Actual Contributions made	(118,364)	(130,983)
Estimated Increase in Net OPEB Obligation	\$ 830,688	\$ 866,305
Net OPEB Obligation - beginning of year	\$ 2,263,692	\$ 3,094,380
Estimated Net OPEB Obligation - end of year	\$ 3,094,380	\$ 3,960,685

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
9/30/2011	4.00%	\$ 966,144	11.6%	\$ 2,263,692
9/30/2012	4.00%	949,052	12.5%	3,094,380
9/30/2013	4.00%	997,288	13.1%	3,960,685

Utilizing the pay-as-you-go method, the City contributed 13.1% 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, 2013 actuarial valuation, the "Closed Group" method was used, employees and retirees as of the valuation date were used and employees to be hired in the future were not considered. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 6.7% 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, 2013 was 25 years.

REQUIRED SUPPLEMENTAL INFORMATION

General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2013

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to GAAP differences over (under)	Actual Amount GAAP Basis
	Original	Final			
Revenues					
Taxes:					
Ad valorem	\$ 660,000	\$ 703,900	\$ 704,071	\$ 171	\$ 704,071
Insurance premium tax	40,000	45,600	45,569	(31)	45,569
Chain store tax	9,800	12,400	12,365	(35)	12,365
Franchise tax	543,000	549,700	584,427	34,727	584,427
Alcohol tax	24,000	23,200	23,454	254	23,454
Intergovernmental:					
Federal grants	450,000	586,800	619,945	33,145	619,945
State grants	150,000	92,300	94,753	2,453	94,753
Local grants	106,500	99,800	256,385	156,585	256,385
Occupational licenses and permits	575,700	588,800	593,959	5,159	593,959
Fees and charges for services	31,700	38,500	44,085	5,585	44,085
Investment income	3,200	1,900	2,037	137	2,037
Rental income	26,400	43,800	43,350	(450)	43,350
Donations	14,000	14,400	15,588	1,188	15,588
Total revenues	\$ 2,634,300	\$ 2,801,100	\$ 3,039,988	\$ 238,888	\$ 3,039,988

(Continued)

General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2013

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to GAAP differences over (under)	Actual Amount GAAP Basis
	Original	Final			
Expenditures					
Current operating:					
General government	\$ 759,700	\$ 899,300	\$ 885,280	\$ 14,020	\$ 885,280
Public safety	3,960,000	4,257,600	4,383,066	(125,466)	4,383,066
Culture & recreation	163,200	149,200	138,779	10,421	138,779
Transit	376,700	320,400	316,844	3,556	316,844
Debt service:					
Principal	50,000	50,000	50,000	-	50,000
Interest and charges	4,000	4,100	4,069	31	4,069
Capital outlay	1,133,600	713,100	710,652	2,448	710,652
Total expenditures	<u>\$ 6,447,200</u>	<u>\$ 6,393,700</u>	<u>\$ 6,488,690</u>	<u>\$ (94,990)</u>	<u>\$ 6,488,690</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (3,812,900)</u>	<u>\$ (3,592,600)</u>	<u>\$ (3,448,702)</u>	<u>\$ 143,898</u>	<u>\$ (3,448,702)</u>
Other financing sources (uses):					
Transfers in	\$ 3,314,000	\$ 3,457,300	\$ 3,457,325	\$ 25	\$ 3,457,325
Transfers out	(12,000)	(12,000)	(12,000)	-	(12,000)
Gain on sale of assets	28,100	20,200	22,271	2,071	22,271
Total other financing sources (uses)	<u>\$ 3,330,100</u>	<u>\$ 3,465,500</u>	<u>\$ 3,467,596</u>	<u>\$ 2,096</u>	<u>\$ 3,467,596</u>
Net change in fund balance	\$ (482,800)	\$ (127,100)	\$ 18,894	\$ 145,994	\$ 18,894
Fund balances at beginning of year	1,557,800	1,412,371	1,412,371	-	1,412,371
Residual equity transfer	-	-	5,494	5,494	5,494
Fund balances at end of year	<u>\$ 1,075,000</u>	<u>\$ 1,285,271</u>	<u>\$ 1,436,759</u>	<u>\$ 151,488</u>	<u>\$ 1,436,759</u>

(Concluded)

Sales Tax Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2013

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to GAAP differences over (under)	Actual Amount GAAP Basis
	Original	Final			
Revenues					
Taxes:					
Sales	\$ 6,000,000	\$ 6,390,000	\$ 6,277,238	\$ (112,762)	\$ 6,277,238
Fees and charges for services	14,600	14,600	14,580	(20)	14,580
Investment income	2,500	1,500	1,535	35	1,535
Total revenues	<u>\$ 6,017,100</u>	<u>\$ 6,406,100</u>	<u>\$ 6,293,353</u>	<u>\$ (112,747)</u>	<u>\$ 6,293,353</u>
Expenditures					
General government	\$ 484,700	\$ 482,800	\$ 462,255	\$ 20,545	\$ 462,255
Public works	1,961,700	2,042,800	2,009,371	33,429	2,009,371
Capital outlay	119,500	31,400	31,434	(34)	31,434
Total expenditures	<u>\$ 2,565,900</u>	<u>\$ 2,557,000</u>	<u>\$ 2,503,060</u>	<u>\$ 53,940</u>	<u>\$ 2,503,060</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 3,451,200</u>	<u>\$ 3,849,100</u>	<u>\$ 3,790,293</u>	<u>\$ (58,807)</u>	<u>\$ 3,790,293</u>
Other financing sources (uses):					
Transfers in	\$ 12,000	\$ 12,000	\$ 12,000	\$ -	\$ 12,000
Transfers out	(3,860,000)	(4,003,300)	(4,003,325)	(25)	(4,003,325)
Gain on sale of assets	2,000	-	-	-	-
Total other financing sources (uses)	<u>\$ (3,846,000)</u>	<u>\$ (3,991,300)</u>	<u>\$ (3,991,325)</u>	<u>\$ (25)</u>	<u>\$ (3,991,325)</u>
Net change in fund balance	\$ (394,800)	\$ (142,200)	\$ (201,032)	\$ (58,832)	\$ (201,032)
Fund balances at beginning of year	<u>1,748,900</u>	<u>1,849,800</u>	<u>1,849,800</u>	<u>-</u>	<u>1,849,800</u>
Fund balances at end of year	<u><u>\$ 1,354,100</u></u>	<u><u>\$ 1,707,600</u></u>	<u><u>\$ 1,648,768</u></u>	<u><u>\$ (58,832)</u></u>	<u><u>\$ 1,648,768</u></u>

Other Postemployment Benefits (OPEB)
 Funding Schedule
 For the Year Ended September 30, 2013

Schedule of Funding Progress (4.0% discount rate)

Actuarial Valuation Date	Actuarial Value of Assets	Discount Rate	Actuarial Accrued Liabilities (AAL) (1)	Unfunded Actuarial Accrued Liabilities (UAAL) (2)	Funded Ratio
October 1, 2010	-	4.00%	\$ 8,933,129	\$ 8,933,129	0.0%
October 1, 2011	-	4.00%	8,933,129	8,933,139	0.0%
October 1, 2012	-	4.00%	8,490,793	8,490,793	0.0%

(1) Actuarial Accrued Liability for 2012 determined under the projected unit credit cost method.

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

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, 2013

	Assets	<u>Debt Service Fund</u>
Cash in Bank		<u>\$ -</u>
Fund Balances Assigned		<u>\$ -</u>

Statement of Revenues, Expenditures and
 Changes in Fund Balances
 Nonmajor Governmental Fund
 For the Year Ended September 30, 2013

		<u>Debt Service Fund</u>
	Revenues	
Interest		\$ <u>3</u>
	Expenditures	
Debt service		\$ <u>-</u>
Excess (Deficiency) of Revenues Over Expenditures		\$ <u>3</u>
Net Change in Fund Balances		\$ 3
Fund Balances at beginning of year		5491
Residual equity transfer		<u>(5,494)</u>
Fund Balances at end of year		<u><u>\$ -</u></u>

Schedule of Compensation of Board Members
For the Fiscal Year Ended September 30, 2013

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

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Federal Expenditures
Department of Homeland Security Direct Programs		
Assistance to Firefighters Grant	97.044	\$ 428,838
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4,371
<i>Total Department of Homeland Security Direct Programs</i>		<u>\$ 433,209</u>
United States Department of Justice Direct Programs		
Bulletproof Vest Partnership Program	16.607	\$ 5,949
Department of Transportation Direct Programs		
Formula Grants for Rural Areas	20.509	\$ 142,081
Department of Transportation Direct Programs		
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	\$ 29,750
National Endowment for the Humanities Direct Programs		
Promotion of the Humanities Federal/State Partnership	45.129	\$ 1,000
United States Department of Agriculture Direct Programs		
Farmers' Market Promotion Program	10.168	\$ 7,956
Total Expenditures of Federal Awards		<u><u>\$ 619,945</u></u>

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of DeRidder, Louisiana and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the primary government financial statements.

Note 2. Subrecipients

The City did not provide any funding to subrecipients.

Schedule of Prior Year Audit Findings
For the Year Ended September 30, 2013

Finding – Financial Statement Audit

There were no current year audit findings as of September 30, 2012.

Schedule of Current Year Audit Findings and Management's Response
For the Year Ended September 30, 2013

Finding – Financial Statement Audit

Audit Finding No. 2013-1

Deposits at local bank not collateralized by pledged securities

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

City of DeRidder

200 South Jefferson Street
DeRidder, Louisiana 70634

Schedule 9

People - Progress - Pride

(337) 462-8907

Ginny Brand
Director of Finance

March 5, 2014

Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Ref: Finding – Financial Statement Audit

Dear Mr. Purpera:

The listing of the safekeeping receipts furnished to the City of DeRidder showed faced values. The market value was not provided to us. We were not aware that the market value of the pledged securities was much less than the face value which caused us to be uncollateralized.

The bank has promised to provide us with the market values of the safekeeping receipts, so that we can ascertain that we are properly secured. As recommended by our auditor, we will closely monitor the pledged securities.

If I can be of further assistance please don't hesitate to contact me.

Sincerely,



Ginny Brand
Finance Director

John A. Windham, CPA

A Professional Corporation

1620 North Pine Street
DeRidder, LA 70634
Tel: (337) 462-3211
Fax: (337) 462-0640

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of DeRidder, Louisiana as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City of DeRidder, Louisiana's basic financial statements, and have issued my report thereon dated February 4, 2014.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of DeRidder, Louisiana's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current year audit findings and management's response as item Audit Finding No. 2013-1.

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

City of DeRidder, Louisiana's Response to Finding

The City of DeRidder, Louisiana's response to the finding identified in my audit is described in the accompanying schedule of current year audit findings and management's response. The City of DeRidder, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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



DeRidder, Louisiana
February 4, 2014

John A. Windham, CPA

A Professional Corporation

1620 North Pine Street
DeRidder, LA 70634
Tel: (337) 462-3211
Fax: (337) 462-0640

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

I have audited the City of DeRidder, Louisiana's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of DeRidder, Louisiana's major federal programs for the year ended September 30, 2013. The City of DeRidder, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the City of DeRidder, Louisiana's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of DeRidder, Louisiana's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the City of DeRidder, Louisiana's compliance.

Opinion on Each Major Federal Program

In my opinion, the City of DeRidder, Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

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

Report on Internal Control over Compliance

Management of the City of DeRidder, Louisiana is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, we considered the City of DeRidder, Louisiana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the City of DeRidder, Louisiana's internal control over compliance.

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

My consideration of internal control over compliance 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 compliance that might be material weakness or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any purpose.



DeRidder, Louisiana
February 4, 2014

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the primary government financial statements of the City of DeRidder as of and for the year ended September 30, 2013.
2. The audit disclosed no significant deficiencies in internal control.
3. The audit disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*. The Audit Finding No. 2013-1 is described in the accompanying schedule of current year audit findings and management's response.
4. The audit did not disclose any significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit did not disclose findings related to federal awards that are required to be reported under OMB Circular A-133.
7. The following programs were major for the year ended September 30, 2013:
 - Assistance to Firefighters (FEMA) – CFDA #97.044
8. \$300,000 was the threshold used to distinguish Type A and Type B programs.
9. The City of DeRidder, Louisiana did not qualify as a low-risk auditee.