

Windham & Reed, L.L.C.

Certified Public Accountants

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John A. Windham, CPA
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April 26, 2022

Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804

Dear Sir or Madam:

Revised City of DeRidder audit report for the year ending September 30, 2021

Changes:

Page 69 Corona Virus State and Local Fiscal Recovery Funds, CFDA # 21.027 For \$1,957,998 removed from schedule

Page 74 Item number 7 Corona Virus State and Local Fiscal Recovery Funds CFDA # 21.027 removed from schedule

Sincerely,



John A Windham, CPA

CITY OF DERIDDER, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
SEPTEMBER 30, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of DeRidder, Louisiana, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of DeRidder, Louisiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of DeRidder, Louisiana as of September 30, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on pages 51-53, schedule of the City's proportionate share of the net pension liability on pages 54-57, schedule of the City's pension contributions on pages 58-61, and schedule of changes in total other post-employment benefits (OPEB) liability and related ratios on page 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of DeRidder, Louisiana's basic financial statements. The non-major fund balance sheet, the non-major fund statement of revenues, expenditures and changes in fund balances, schedule of compensation of board members, schedule of compensation, benefits and other payments to agency head 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2022, on our consideration of the City of DeRidder, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of DeRidder, Louisiana's internal control over financial reporting and compliance.



DeRidder, Louisiana
February 21, 2022

BASIC FINANCIAL STATEMENTS

Statement of Net Position
September 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,297,653	\$ 1,154,342	\$ 4,451,995
Receivables:			
Ad Valorem taxes	20	-	20
Franchise taxes	148,653	-	148,653
Restricted sales tax receivable	755,303	-	755,303
Alcohol taxes	5,851	-	5,851
Insurance claims	137,980	-	137,980
Accounts	8,180	426,297	434,477
Health insurance overpayment	84,620	22,286	106,906
Federal grants	340,900	-	340,900
Local grants	56,668	-	56,668
Due from other funds	1,230,307	-	1,230,307
Restricted cash and cash equivalents	3,562,424	43,700	3,606,124
Capital assets, not being depreciated	1,812,744	110,588	1,923,332
Capital assets, being depreciated - net	14,496,338	10,859,485	25,355,823
Total assets	<u>\$ 25,937,641</u>	<u>\$ 12,616,698</u>	<u>\$ 38,554,339</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	\$ 948,571	\$ 57,636	\$ 1,006,207
Other post-employment benefits	1,439,372	332,816	1,772,188
Total deferred outflows of resources	<u>\$ 2,387,943</u>	<u>\$ 390,452</u>	<u>\$ 2,778,395</u>
Total assets and deferred outflows of resources	<u>\$ 28,325,584</u>	<u>\$ 13,007,150</u>	<u>\$ 41,332,734</u>
LIABILITIES			
Accounts payable	\$ 301,535	\$ 87,044	\$ 388,579
Salaries payable	160,269	38,734	199,003
Payroll deductions payable	175,892	37,072	212,964
Contracts payable	-	43,700	43,700
Accrued interest payable	10,827	-	10,827
Due to other funds	1,226,555	3,752	1,230,307
Long term debt:			
Due within one year	50,000	-	50,000
Due in more than one year	1,179,630	-	1,179,630
Net OPEB obligation	6,983,265	1,614,698	8,597,963
Net pension liability	4,312,619	530,646	4,843,265
Accrued compensated absences	616,350	132,593	748,943
Customer deposits	-	159,793	159,793
Total liabilities	<u>\$ 15,016,942</u>	<u>\$ 2,648,032</u>	<u>\$ 17,664,974</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions	\$ 2,478,161	\$ 179,623	\$ 2,657,784
Other post-employment benefits	8,137,405	1,881,562	10,018,967
Total deferred inflows of resources	<u>\$ 10,615,566</u>	<u>\$ 2,061,185</u>	<u>\$ 12,676,751</u>
Total liabilities and deferred inflows of resources	<u>\$ 25,632,508</u>	<u>\$ 4,709,217</u>	<u>\$ 30,341,725</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Net Position
September 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
NET POSITION			
Net investment in capital assets	\$ 16,309,082	\$ 10,970,073	\$ 27,279,155
Restricted for:			
Sales tax	4,526,642	-	4,526,642
Bond retirement	149,174	-	149,174
Police/Fire capital improvements	708,668	-	708,668
Unrestricted	<u>(19,000,490)</u>	<u>(2,672,140)</u>	<u>(21,672,630)</u>
Total net position	<u>\$ 2,693,076</u>	<u>\$ 8,297,933</u>	<u>\$ 10,991,009</u>
 Total liabilities, deferred inflows of resources, and net position	 <u>\$ 28,325,584</u>	 <u>\$ 13,007,150</u>	 <u>\$ 41,332,734</u> (Concluded)

The accompanying notes are an integral part of this statement.

Statement of Activities
For the Year Ended September 30, 2021

	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
Program Activities							
Governmental activities:							
General government and administration	\$ 1,724,909	\$ 13,912	\$ 1,974,364	\$ 17,503	\$ 280,870	\$ -	\$ 280,870
Public safety	4,044,453	17,587	66,479	12,108	(3,948,279)	-	(3,948,279)
Public works	2,369,019	14,580	-	126,039	(2,228,400)	-	(2,228,400)
Culture & recreation	428,052	83,943	-	-	(344,109)	-	(344,109)
Transit	204,797	65,160	208,658	-	69,021	-	69,021
Interest on long term debt	35,556	-	-	-	(35,556)	-	(35,556)
Unallocated depreciation*	45,131	-	-	-	(45,131)	-	(45,131)
Total governmental activities	<u>\$ 8,851,917</u>	<u>\$ 195,182</u>	<u>\$ 2,249,501</u>	<u>\$ 155,650</u>	<u>\$ (6,251,584)</u>	<u>\$ -</u>	<u>\$ (6,251,584)</u>
Business-type activities:							
Water and sewer	\$ 4,221,843	\$ 2,749,234	\$ -	\$ -	\$ -	\$ (1,472,609)	\$ (1,472,609)
Total government	<u>\$ 13,073,760</u>	<u>\$ 2,944,416</u>	<u>\$ 2,249,501</u>	<u>\$ 155,650</u>	<u>\$ (6,251,584)</u>	<u>\$ (1,472,609)</u>	<u>\$ (7,724,193)</u>

(Continued)

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

The accompanying notes are an integral part of this statement.

Statement of Activities
For the Year Ended September 30, 2021

	Net (Expenses) Revenues and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General revenues:			
Taxes:			
Ad valorem taxes	\$ 909,306	\$ -	\$ 909,306
Sales taxes	9,095,190	-	9,095,190
Insurance premium tax	46,731	-	46,731
Franchise tax	558,391	-	558,391
Alcohol tax	23,761	-	23,761
Occupational licenses and permits	716,823	-	716,823
Investment earnings	94,345	48,138	142,483
Sale of assets	36,699	-	36,699
Rental income	40,800	-	40,800
Insurance revenues	-	39,262	39,262
Restitution Funds	995	-	995
Asset forfeiture revenues	7,966	-	7,966
Insurance proceeds	491,657	-	491,657
Nonemployer pension revenue	227,895	22,894	250,789
OPEB benefits	-	293,305	293,305
Miscellaneous	2,451	-	2,451
Special item - Hurricane related FEMA federal grant	1,333,765	-	1,333,765
Extraordinary item - Hurricane Laura expenditures	(3,589,921)	-	(3,589,921)
Transfers in	4,284,830	480,000	4,764,830
Transfers out	(4,790,232)	(34,598)	(4,824,830)
Total general revenues and transfers	\$ 9,491,452	\$ 849,001	\$ 10,340,453
Change in net position	\$ 3,239,868	\$ (623,608)	\$ 2,616,260
Net position at beginning of year	(546,792)	8,921,541	8,374,749
Net position at end of year	\$ 2,693,076	\$ 8,297,933	\$ 10,991,009

(Concluded)

The accompanying notes are an integral part of this statement.

Balance Sheet
Governmental Funds
September 30, 2021

	<u>Major Fund</u>			Total Governmental Funds
	<u>General</u>	<u>Sales Tax Fund</u>	<u>Other Governmental Funds</u>	
ASSETS				
Cash and cash equivalents	\$ 3,296,808	\$ -	\$ 845	\$ 3,297,653
Receivables:				
Ad Valorem taxes	20	-	-	20
Franchise taxes	148,653	-	-	148,653
Sales taxes	-	755,303	-	755,303
Alcohol taxes	5,851	-	-	5,851
Health insurance overpayment	62,736	21,884	-	84,620
Insurance claims	137,980	-	-	137,980
Accounts receivable	6,305	1,875	-	8,180
Intergovernmental:				
Federal grants	340,900	-	-	340,900
Local grants	56,668	-	-	56,668
Restricted assets - cash	857,842	2,704,582	-	3,562,424
Due from other funds	735	1,225,820	3,752	1,230,307
	<u>\$ 4,914,498</u>	<u>\$ 4,709,464</u>	<u>\$ 4,597</u>	<u>\$ 9,628,559</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 190,841	\$ 110,694	\$ -	\$ 301,535
Salaries payable	124,299	35,970	-	160,269
Payroll deductions payable	139,734	36,158	-	175,892
Due to other funds	1,225,820	-	735	1,226,555
Total liabilities	<u>\$ 1,680,694</u>	<u>\$ 182,822</u>	<u>\$ 735</u>	<u>\$ 1,864,251</u>
Fund Balances:				
Restricted	\$ 857,842	\$ 4,526,642	\$ -	\$ 5,384,484
Assigned	291,325	-	-	291,325
Unassigned	2,084,637	-	3,862	2,088,499
Total fund balances	<u>\$ 3,233,804</u>	<u>\$ 4,526,642</u>	<u>\$ 3,862</u>	<u>\$ 7,764,308</u>
	<u>\$ 4,914,498</u>	<u>\$ 4,709,464</u>	<u>\$ 4,597</u>	<u>\$ 9,628,559</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, 2021

Total fund balance - total governmental funds	\$	7,764,308
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.		15,961,203
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.		(10,827)
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.		347,879
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred outflows.		948,571
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred inflows.		(2,478,161)
Other post-employment benefit related changes in net pension liability that are only reported in the Statement of Net Position as deferred outflows.		1,439,372
Other post-employment benefit related changes in net pension liability that are only reported in the Statement of Net Position as deferred inflows.		(8,137,405)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Long term debt	\$	(1,229,630)
Net OPEB obligation		(6,983,265)
Net pension liability		(4,312,619)
Accrued compensated absences		(616,350)
		(13,141,864)
Net position of governmental activities	\$	2,693,076

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, 2021

	General Fund	Major Fund Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes:				
Ad valorem	\$ 909,306	\$ -	\$ -	\$ 909,306
Sales tax	-	9,095,190	-	9,095,190
Insurance premium tax	46,731	-	-	46,731
Franchise tax	558,391	-	-	558,391
Alcohol tax	23,761	-	-	23,761
Intergovernmental:				
Federal grants	2,167,392	-	126,039	2,293,431
Local grants	111,720	-	-	111,720
Occupational licenses and permits	716,823	-	-	716,823
Fees and charges for services	180,602	14,580	-	195,182
Investment income	46,719	47,626	-	94,345
Rental income	40,800	-	-	40,800
Miscellaneous	2,451	-	-	2,451
Restitution funds	995	-	-	995
Asset forfeiture revenues	7,966	-	-	7,966
Total revenues	<u>\$ 4,813,657</u>	<u>\$ 9,157,396</u>	<u>\$ 126,039</u>	<u>\$ 14,097,092</u>
Expenditures				
Current operating:				
General government	\$ 1,071,509	\$ 738,978	\$ -	\$ 1,810,487
Public safety	4,772,658	-	-	4,772,658
Public works	-	2,313,465	-	2,313,465
Culture & recreation	227,647	-	-	227,647
Transit	225,514	-	-	225,514
Debt service:				
Principal	1,075,820	-	-	1,075,820
Interest and charges	26,787	-	-	26,787
Capital outlay	609,840	305,038	136,780	1,051,658
Total expenditures	<u>\$ 8,009,775</u>	<u>\$ 3,357,481</u>	<u>\$ 136,780</u>	<u>\$ 11,504,036</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (3,196,118)</u>	<u>\$ 5,799,915</u>	<u>\$ (10,741)</u>	<u>\$ 2,593,056</u>
Other financing sources (uses)				
Transfer in	\$ 4,234,232	\$ 36,000	\$ 14,598	\$ 4,284,830
Transfer out	(56,000)	(4,734,232)	-	(4,790,232)
Insurance proceeds	478,939	12,718	-	491,657
Certificates of indebtedness	2,055,450	-	-	2,055,450
Sale of assets	36,699	-	-	36,699
Total other financing sources (uses)	<u>\$ 6,749,320</u>	<u>\$ (4,685,514)</u>	<u>\$ 14,598</u>	<u>\$ 2,078,404</u>
Special item				
Hurricane related FEMA federal grant	<u>\$ 1,333,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,333,765</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, 2021

	<u>General Fund</u>	<u>Major Fund Sales Tax Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Extraordinary item				
Hurricane Laura expenditures	\$ (3,589,921)	\$ -	\$ -	\$ (3,589,921)
Net change in fund balance	\$ 1,297,046	\$ 1,114,401	\$ 3,857	\$ 2,415,304
Fund balances at beginning of year	<u>1,936,758</u>	<u>3,412,241</u>	<u>5</u>	<u>5,349,004</u>
Fund balances at end of year	<u>\$ 3,233,804</u>	<u>\$ 4,526,642</u>	<u>\$ 3,862</u>	<u>\$ 7,764,308</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, 2021

Net change in fund balances - total governmental funds		\$ 2,415,304
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.		64,558
Pension expense is based on employer contributions in the governmental funds, but is an actuarially calculated expense on the Statement of Activities.		812,312
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	\$ 609,840	
Sales tax fund	305,038	
Capital projects fund	<u>136,780</u>	
		1,051,658
The issuance of long-term debt (certificates of indebtedness) provides current financial resources to governmental funds. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(2,055,450)
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.		(722,620)
Accrued interest on long term debt is not shown in the governmental funds.		(8,779)
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.		1,075,820
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.		<u>607,065</u>
Change in net position of governmental activities		<u><u>\$ 3,239,868</u></u>

The accompanying notes are an integral part of this statement.

Statement of Net Position
Proprietary Fund
September 30, 2021

	Business-type Activities Enterprise Fund	Governmental Activities
	Water and Sewer	Internal Service Fund
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,154,342	\$ 28,541
Receivables:		
Accounts	426,297	-
Health insurance overpayment	22,286	-
Total current assets	<u>\$ 1,602,925</u>	<u>\$ 28,541</u>
Noncurrent Assets		
Restricted cash and cash equivalents	\$ 43,700	\$ -
Capital assets not being depreciated	110,588	-
Capital assets being depreciated - net	11,207,364	-
Total noncurrent assets	<u>\$ 11,361,652</u>	<u>\$ -</u>
Total assets	<u>\$ 12,964,577</u>	<u>\$ 28,541</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	\$ 57,636	\$ -
Other post-employment benefits	332,816	-
Total deferred outflows of resources	<u>\$ 390,452</u>	<u>\$ -</u>
Total assets and deferred outflows of resources	<u><u>\$ 13,355,029</u></u>	<u><u>\$ 28,541</u></u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 87,044	\$ 393
Salaries payable	38,734	-
Payroll deductions payable	37,072	-
Due to other funds	3,752	-
Total current liabilities	<u>\$ 166,602</u>	<u>\$ 393</u>
Liabilities payable from restricted assets		
Contracts payable	<u>\$ 43,700</u>	<u>\$ -</u>
Noncurrent Liabilities		
Customer deposits	\$ 159,793	\$ -
Compensated absences	132,593	-
Other post-employment benefits	1,614,698	-
Net pension liability	530,646	-
Total noncurrent liabilities	<u>\$ 2,437,730</u>	<u>\$ -</u>
Total liabilities	<u>\$ 2,648,032</u>	<u>\$ 393</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Net Position
 Proprietary Fund
 September 30, 2021

	Business-type Activities Enterprise Fund	Governmental Activities
	Water and Sewer	Internal Service Fund
DEFERRED INFLOWS OF RESOURCES		
Pensions	\$ 179,623	\$ -
Other post-employment benefits	1,881,562	-
Total deferred inflows of resources	<u>\$ 2,061,185</u>	<u>\$ -</u>
Total liabilities and deferred inflows of resources	<u>\$ 4,709,217</u>	<u>\$ 393</u>
NET POSITION		
Net investment in capital assets	\$ 11,317,952	\$ -
Unrestricted	(2,672,140)	28,148
Total net position	<u>\$ 8,645,812</u>	<u>\$ 28,148</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 13,355,029</u></u>	<u><u>\$ 28,541</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

Reconciliation of the Proprietary Fund Statement of Net Position
to the Statement of Net Position
For the Year Ended September 30, 2021

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

Total net position for the proprietary fund statement of net position	\$ 8,645,812
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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.	(347,879)
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Net position of business-type activities	\$ 8,297,933
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The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended September 30, 2021

	Business-type Activities Enterprise Fund	Governmental Activities
	Water and Sewer	Internal Service Fund
Operating revenues		
Charges for services	\$ 2,749,234	\$ -
Total operating revenues	<u>\$ 2,749,234</u>	<u>\$ -</u>
Operating expenses		
Personal services	\$ 1,289,917	\$ -
Supplies	1,130,520	-
Contractual services	927,389	4,682
Depreciation	888,979	-
Claims	-	31,863
Total operating expenses	<u>\$ 4,236,805</u>	<u>\$ 36,545</u>
Income (loss) from operations	<u>\$ (1,487,571)</u>	<u>\$ (36,545)</u>
Nonoperating revenues (expenses)		
Investment income	\$ 48,138	\$ 61
Insurance revenues	39,262	-
OPEB benefits	293,305	-
Nonemployer pension revenue	22,894	-
Total nonoperating revenues (expenses)	<u>\$ 403,599</u>	<u>\$ 61</u>
Income (loss) before contributions and transfers	\$ (1,083,972)	\$ (36,484)
Transfers out	(34,598)	-
Transfers in	<u>480,000</u>	<u>60,000</u>
Change in net position	\$ (638,570)	\$ 23,516
Net position at beginning of year	<u>9,284,382</u>	<u>4,632</u>
Net position at end of year	<u><u>\$ 8,645,812</u></u>	<u><u>\$ 28,148</u></u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Statement of Revenues,
Expenses, and Changes in Net Position
of Proprietary Fund to the Statement of Activities
For the Year Ended September 30, 2021

Net change in net position - total proprietary fund	\$ (638,570)
Depreciation on capital assets reported in the proprietary fund but financed with general obligation debt have been transferred to governmental activities in the government wide statement of activities.	<u>14,962</u>
Change in net position of proprietary activities	<u><u>\$ (623,608)</u></u>

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
 Proprietary Fund
 For the Year Ended September 30, 2021

	Business-type Activities Enterprises Fund	Governmental Activities
	Water and Sewer	Internal Service Fund
Cash flows from operating activities:		
Cash received from customers	\$ 2,705,985	\$ -
Cash payments to suppliers for goods and services	(2,002,099)	(36,152)
Cash payments for employee services and employee related fringe benefits	(1,635,690)	-
Net cash used by operating activities	<u>\$ (931,804)</u>	<u>\$ (36,152)</u>
Cash flows from noncapital financing activities:		
Insurance revenues	\$ 39,262	\$ -
Nonemployer pension revenue	22,894	-
OPEB benefits	293,305	-
Transfer from other funds	177,918	-
Transfers in	480,000	60,000
Transfers out	(34,598)	-
Net cash provided for noncapital financing activities	<u>\$ 978,781</u>	<u>\$ 60,000</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	\$ (338,059)	\$ -
Net cash used for capital and related financing activities	<u>\$ (338,059)</u>	<u>\$ -</u>
Cash flows from investing activities:		
Interest and dividends on cash management activities	<u>\$ 48,138</u>	<u>\$ 61</u>
Net increase (decrease) in cash and cash equivalents	\$ (242,944)	\$ 23,909
Cash and cash equivalents, beginning of year	<u>1,440,986</u>	<u>4,632</u>
Cash and cash equivalents, end of year	<u>\$ 1,198,042</u>	<u>\$ 28,541</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
 Proprietary Fund
 For the Year Ended September 30, 2021

	Business-type Activities Enterprises Fund	Business-type Activities Enterprises Fund
	<u>Water and Sewer</u>	<u>Water and Sewer</u>
Reconciliation of operating loss to net cash used by operating activities		
Operating income (loss)	<u>\$ (1,487,571)</u>	<u>\$ (36,545)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	\$ 888,979	\$ -
Increase in accounts receivable	(41,544)	-
Increase in accounts payable	54,610	393
Increase in contracts payable	1,200	-
Increase in employee benefits payable	3,737	-
Decrease in customer deposits payable	(1,705)	-
Increase in compensated absences payable	10,116	-
Increase in salaries payable	4,747	-
Increase in health insurance receivable	(22,286)	-
Decrease in other post-employment benefits payable	(1,291,444)	-
Decrease in deferred outflows	292,349	-
Decrease in net pension liability	(294,008)	-
Increase in deferred inflows	951,016	-
Total adjustments	<u>\$ 555,767</u>	<u>\$ 393</u>
Net cash used by operating activities:	<u>\$ (931,804)</u>	<u>\$ (36,152)</u> (Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

City of DeRidder, Louisiana

Notes to the Financial Statements
As of and for the Year Ended September 30, 2021

INTRODUCTION

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

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

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

The City maintains various funds that provide services and benefits to the residents. The general fund provides police and fire protection and culture and recreational activities. The sales tax fund and street construction fund provides public works of highway and street maintenance and solid waste collection and disposal. The utility fund provides water and sewer services to approximately 4,400 residents. Other funds are established as needed for specific projects undertaken by the City.

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

Blended Components Units

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

The City of DeRidder had no blended component units as of September 30, 2021.

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, 2021.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

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

Notes to the Financial Statements (Continued)

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

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

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

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

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

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

The City reports the following major governmental funds:

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

Special Revenue Fund

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

The City reports the following major proprietary fund:

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

The City reports the following non-major fund:

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

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

Additionally, the City reports the following fund types:

Internal Service Fund accounts for services provided to other departments and agencies of the City, or to other governments, on a cost reimbursement basis.

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

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

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

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

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

C. Deposits and Investments

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

D. Receivables and Payables

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

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.

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

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.

<u>Property Tax Calendar</u>	
Assessment date	January 1, 2020
Levy date	June 30, 2020
Tax bills mailed	October 15, 2020
Total taxes are due	December 31, 2020
Penalties & interest due	January 31, 2021
Lien date	January 31, 2021
Tax sale	May 31, 2021

For the year ended September 30, 2021, taxes of 10.36 mills were levied on property with an assessed valuation totaling \$81,376,067, and were dedicated as follows:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Taxes due for:			Renewed
General corporate tax	7.61	7.61	Annually
Police/Fire capital improvements	2.75	2.75	12/31/2026

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>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Ad Valorem Tax Revenue for Municipality</u>
Ingevity South Carolina, L.L.C.	Manufacturer	\$ 17,565,376	21.59%	\$ 147,049

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;

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

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

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

E. Prepaid Items

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

F. Restricted Assets

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

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

G. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred during the current fiscal year was \$26,787. 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

Notes to the Financial Statements (Continued)

H. Compensated Absences

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

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

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

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

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

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

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

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

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.

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.

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

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

J. Fund Balances

- Nonspendable The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.
- Restricted Amounts that are restricted to specific purposes should be reported as *restricted fund balance*. Fund balance should be reported as restricted when constraints placed on the use of resources are either:
- a. externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
 - b. imposed by law through constitutional provisions or enabling legislation.
- Committed Committed fund balance classifications include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision making authority.
- Assigned Assigned fund balance classifications include amounts that have been constrained to being used for specific purposes by actions taken by the City itself. However, the authority for making an assignment is not required to be the City’s highest level of decision making authority.
- Unassigned Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

K. Net Position

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

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

L. Extraordinary and Special Items

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

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

During the year the City's extraordinary item consisted of \$3,589,921 of expenditures for consulting fees and repairs and replacement of property damaged by Hurricane Laura. The City also had a special item consisting of a federal grant of \$1,333,765 from FEMA for the hurricane expenditures.

M. Estimates

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

N. Pensions

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

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

Financial reporting information pertaining to the City's participation in the MPERS, MERS and FRS is prepared in accordance with Governmental Accounting Standards Board "GASB" Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which have been adopted by the City for the fiscal year ended September 30, 2021.

O. Deferred Outflows/Inflows of Resources

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION: The City uses the following budget practices:

1. The Director of Finance submits to the Mayor and City Council a proposed operating budget no later than fifteen days prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and the means of financing them. For the fiscal year beginning October 1, 2020 and ending September 30, 2021, the budget was submitted to the City Council on September 14, 2020, and the public hearing was called for. After the public hearing was held, the budget was adopted by ordinance of the City Council.

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

2. Budgetary appropriations lapse at the end of each fiscal year.
3. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council.
4. Amendments to the budget are approved by the City Council by a formal adoption of an ordinance. The original budget is amended as necessary and all amendments are reflected in the budget comparisons in the financial statements.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS: The following individual funds have actual expenditures over budgeted appropriations for the year ended September 30, 2021.

Fund	Original Budget	Final Budget	Actual	Unfavorable Variance
General Fund	\$ 6,853,100	\$ 7,983,200	\$ 8,009,775	\$ 26,575

3. CASH AND CASH EQUIVALENTS

At September 30, 2021, the City has cash and cash equivalents (book balances) totaling \$8,086,660 as follows:

Interest bearing demand deposits	\$ 177,715
Demand deposits	251,073
Time deposits	159,962
Money market investment accounts	7,497,560
Petty cash	350
Total	<u>\$ 8,086,660</u>

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

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits. Under state law, the deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the City's name.

At September 30, 2021, the City has \$8,262,197 in deposits (collected bank balances). These deposits are secured from risk by \$1,489,325 of federal deposit insurance and \$6,772,872 of pledged securities held by an unaffiliated bank of the pledgor bank. These deposited pledged securities are deemed by law to be under the control and possession and in the name of the City and are therefore properly collateralized.

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

4. RECEIVABLES

The receivables of \$1,986,758 at September 30, 2021, are as follows:

Class of receivable	General Fund	Proprietary Funds	Special Revenue Fund	Total
Taxes:				
Ad valorem	\$ 20	\$ -	\$ -	\$ 20
Franchise	148,653	-	-	148,653
Alcohol	5,851	-	-	5,851
Sales	-	-	755,303	755,303
Health insurance overpayment	62,736	22,286	21,884	106,906
Insurance claims	137,980	-	-	137,980
Intergovernmental:				
Federal grants	340,900	-	-	340,900
Local grants	56,668	-	-	56,668
Accounts	6,305	426,297	1,875	434,477
Total	\$ 759,113	\$ 448,583	\$ 779,062	\$ 1,986,758

5. INTERFUND RECEIVABLES/PAYABLES

The following due to/from balances exists due to payments made out of one fund that relate to the other fund. The balance in each respective due to/from account is expected to be paid within the current year.

	Due from	Due to
General Fund	\$ 735	\$ 1,225,820
Sales Tax Fund	1,225,820	-
Utility Fund	-	3,752
Capital Projects Fund	3,752	735
Total	\$ 1,230,307	\$ 1,230,307

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended September 30, 2021, for the primary government is as follows:

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 942,862	\$ -	\$ -	\$ 942,862
Work in progress	1,193,053	508,390	831,561	869,882
Total capital assets not being depreciated	<u>\$ 2,135,915</u>	<u>\$ 508,390</u>	<u>\$ 831,561</u>	<u>\$ 1,812,744</u>
Capital assets being depreciated				
Buildings	\$ 7,722,042	\$ 208,579	\$ -	\$ 7,930,621
Improvements other than buildings	9,778,659	869,339	-	10,647,998
Machinery and equipment	1,913,888	152,165	72,316	1,993,737
Guns	24,183	4,739	-	28,922
Vehicles	2,706,323	186,565	41,448	2,851,440
Utility fund asset	598,493	-	-	598,493
Total capital assets being depreciated	<u>\$ 22,743,588</u>	<u>\$ 1,421,387</u>	<u>\$ 113,764</u>	<u>\$ 24,051,211</u>
Less accumulated depreciation for:				
Buildings	\$ 2,297,312	\$ 186,702	\$ -	\$ 2,484,014
Improvements other than buildings	2,791,117	320,615	-	3,111,732
Machinery and equipment	1,374,381	74,324	72,316	1,376,389
Guns	18,235	1,710	-	19,945
Vehicles	2,214,358	139,269	41,448	2,312,179
Utility fund asset	235,652	14,962	-	250,614
Total accumulated depreciation	<u>\$ 8,931,055</u>	<u>\$ 737,582</u>	<u>\$ 113,764</u>	<u>\$ 9,554,873</u>
Total capital assets being depreciated, net	<u>\$ 13,812,533</u>	<u>\$ 683,805</u>	<u>\$ -</u>	<u>\$ 14,496,338</u>
	Beginning Balance	Increase	Decrease	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 57,221	\$ -	\$ -	\$ 57,221
Construction in progress	15,260	45,690	7,583	53,367
Total capital assets not being depreciated	<u>\$ 72,481</u>	<u>\$ 45,690</u>	<u>\$ 7,583</u>	<u>\$ 110,588</u>
Capital assets being depreciated				
Utility plant and improvements	\$ 36,645,512	\$ 299,952	\$ -	\$ 36,945,464
Furniture and equipment	84,794	-	-	84,794
Vehicles	334,651	-	-	334,651
Total capital assets being depreciated	<u>\$ 37,064,957</u>	<u>\$ 299,952</u>	<u>\$ -</u>	<u>\$ 37,364,909</u>
Less accumulated depreciation for:				
Utility plant and improvements	\$ 25,273,392	\$ 844,293	\$ -	\$ 26,117,685
Furniture and equipment	74,653	2,623	-	77,276
Vehicles	283,362	27,101	-	310,463
Total accumulated depreciation	<u>\$ 25,631,407</u>	<u>\$ 874,017</u>	<u>\$ -</u>	<u>\$ 26,505,424</u>
Total business-type assets being depreciated, net	<u>\$ 11,433,550</u>	<u>\$ (574,065)</u>	<u>\$ -</u>	<u>\$ 10,859,485</u>

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

Depreciation expense of \$737,582 for the year ended September 30, 2021, was charged to the following governmental functions:

Public works	\$	236,583
Public safety		190,002
General administration		44,552
Recreation		206,307
Transit		15,007
Unallocated		45,131
Total	\$	<u>737,582</u>

7. CONSTRUCTION COMMITMENTS

The City has the following active construction projects as of September 30, 2021. The Dance Stop Remodeling Project is a major renovation to the building after the hurricane. The South Texas Street Sewer Rehab Project is for upgrades to the sewer system, the City Street Overlay Project is for overlaying streets within the city limits with asphalt, and the LCDBG Utility Fund Project is for construction of a Sewer Lift Station on Elm Street. The software package project is to replace the City's existing financial software with new financial and water billing software. At year-end, the commitments with contractors were as follows:

Projects	Spent to Date	Remaining Commitment
Dance Stop Remodel	\$ 88,701	\$ 300,000
South Texas Street Sewer Rehab	24,617	178,383
City Street Overlays	36,885	463,000
LCDBG Utility Fund Project	715,546	421,220
Software package	57,500	57,500

8. INTERFUND TRANSFERS

	Transfer in	Transfer out
Internal service fund	\$ 60,000	\$ -
LCDBG fund	14,598	-
Utility fund	480,000	34,598
General fund	4,234,232	56,000
Sales tax fund	36,000	4,734,232
Total	<u>\$ 4,824,830</u>	<u>\$ 4,824,830</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.

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

9. ACCOUNTS AND OTHER PAYABLES

The payables of \$855,466 at September 30, 2021, are as follows:

	General Fund	Proprietary Fund	Special Revenue Fund	Internal Service Fund	Total
Salaries	\$ 124,299	\$ 38,734	\$ 35,970	\$ -	\$ 199,003
Payroll withholdings	139,734	37,072	36,158	-	212,964
Accounts	190,841	87,044	110,694	393	388,972
Accrued interest	10,827	-	-	-	10,827
Contracts	-	43,700	-	-	43,700
Total	<u>\$ 465,701</u>	<u>\$ 206,550</u>	<u>\$ 182,822</u>	<u>\$ 393</u>	<u>\$ 855,466</u>

10. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended September 30, 2021.

	Proprietary Fund				Total
	Compensated Absences	Other Postemployment Benefits	Net Pension Liability	Customer Deposits	
Long-term obligations at beginning of year	\$ 122,477	\$ 2,906,142	\$ 824,654	\$ 161,498	\$ 4,014,771
Additions	93,987	-	-	26,710	120,697
Reductions and adjustments	-	(1,231,744)	(185,681)	(28,415)	(1,445,840)
Principal and other payments	-	(59,700)	(108,327)	-	(168,027)
Compensated absences used	<u>(83,871)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(83,871)</u>
Long-term obligations at end of year	<u>\$ 132,593</u>	<u>\$ 1,614,698</u>	<u>\$ 530,646</u>	<u>\$ 159,793</u>	<u>\$ 2,437,730</u>

	Governmental Funds					Total
	Compensated Absences	Other Postemployment Benefits	Net Pension Liability	Bonded Debt	Certificates of Indebtedness	
Long-term obligations at beginning of year	\$ 680,908	\$ 12,012,449	\$ 7,483,947	\$ 250,000	\$ -	\$ 20,427,304
Additions	357,688	-	-	-	2,055,450	2,413,138
Reductions and adjustments	-	(4,770,992)	(2,290,943)	-	-	(7,061,935)
Principal and other payments	-	(258,192)	(880,385)	(50,000)	(1,025,820)	(2,214,397)
Compensated absences used	<u>(422,246)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(422,246)</u>
Long-term obligations at end of year	<u>\$ 616,350</u>	<u>\$ 6,983,265</u>	<u>\$ 4,312,619</u>	<u>\$ 200,000</u>	<u>\$ 1,029,630</u>	<u>\$ 13,141,864</u>

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

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, 2021:

	Proprietary Fund				
	Other				Total
	Compensated Absences	Postemployment Benefits	Net Pension Liability	Customer Deposits	
Current portion	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term portion	132,593	1,614,698	530,646	159,793	2,437,730
Total	\$ 132,593	\$ 1,614,698	\$ 530,646	\$ 159,793	\$ 2,437,730

	Governmental Funds					
	Other				Certificates of Indebtedness	Total
	Compensated Absences	Postemployment Benefits	Net Pension Liability	Bonded Debt		
Current portion	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ 50,000
Long-term portion	616,350	6,983,265	4,312,619	150,000	1,029,630	13,091,864
Total	\$ 616,350	\$ 6,983,265	\$ 4,312,619	\$ 200,000	\$ 1,029,630	\$ 13,141,864

Bonded debt is comprised of the following issue at September 30, 2021:

Bonded Debt – Governmental Funds:

\$500,000 Series 2014 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds
 Due in annual installments of \$50,000 through December 1, 2024;
 Interest at the rate of 3.25% \$200,000

Certificates of Indebtedness – Governmental Funds:

\$1,029,630 Series 2020 Excess Revenue Certificates of Indebtedness.
 Interest only at the rate of 2.65% paid semiannually on June 1st and December 1st for the first five years then \$100,000 principal payments each December 1st with interest paid June 1st and December 1st until December 1st, 2030 at which time the principal balance will all be due. \$1,029,630

The City secured certificates of indebtedness line of credit for \$5,000,000 during the year for expenditures relating to Hurricane Laura. The City originally borrowed \$2,055,450 and repaid \$1,025,820 when they received a FEMA grant leaving a balance of \$1,029,630 which will be repaid with excess City revenues within ten years. The City does not expect to access any of the existing line of credit.

The annual requirements to amortize all bonds and certificates of indebtedness outstanding at September 30, 2021, for the City of DeRidder is as follows:

Year Ending September 30,	Principal Payments	Interest Payments	Total
2022	\$ 50,000	\$ 30,131	\$ 80,131
2023	50,000	31,347	81,347
2024	50,000	29,722	79,722
2025	50,000	28,097	78,097
2026	-	27,285	27,285
2027-2031	1,029,630	96,320	1,125,950
Total	\$ 1,229,630	\$ 242,902	\$ 1,472,532

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

In accordance with R.S. 39:562, the City is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At September 30, 2021, the statutory limit is \$28,481,624 and outstanding bonded debt totals \$200,000.

11. FUND BALANCES

The governmental funds had fund balances as follows:

	General Fund	Sales Tax Fund	LCDBG Fund	Total
Fund Balances:				
Restricted for:				
Sales taxes	\$ -	\$ 4,526,642	\$ -	\$ 4,526,642
Bond retirement	149,174	-	-	149,174
Police/Fire capital improvements	708,668	-	-	708,668
Assigned to:				
Perpetual care	100,783	-	-	100,783
Transit services	190,542	-	-	190,542
Unassigned:	2,084,637	-	3,862	2,088,499
Total fund balances	<u>\$ 3,233,804</u>	<u>\$ 4,526,642</u>	<u>\$ 3,862</u>	<u>\$ 7,764,308</u>

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 Firefighters Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (System)

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

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

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

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 15.50% 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, 2021, 2020 and 2019, were \$280,078, \$269,155, and \$244,700, respectively, equal to the required contributions for each year.

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

At September 30, 2021, the City reported a liability of \$1,336,304 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2021 the City's proportion was 2.306722%, which was a decrease of .05872% from its proportion measured as of June 30, 2020.

For the year ended September 30, 2021, the City recognized pension expense of \$120,409. At September 30, 2021, the City recognized deferred outflows of resources and deferred inflows of resources related to pension from the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 55,146
Changes of assumptions	54,079	-
Net difference between projected and actual earnings on pension plan investments	-	361,123
Changes in proportion and differences between City contributions and proportionate share of contributions	-	36,066
Differences between employer and proportionate share of contributions	22,795	-
City contributions subsequent to the measurement date	68,271	-
Total	<u>\$ 145,145</u>	<u>\$ 452,335</u>

The \$68,271 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2022	\$ 58,846
2023	96,051
2024	93,662
2025	126,902
Total	<u>\$ 375,461</u>

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

Actuarial Methods and Assumptions

Net Pension Liability

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

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

	Plan B June 30, 2021
Total pension liability	\$ 6,404,919
Plan fiduciary net position	<u>(5,068,615)</u>
City's net pension liability	<u>\$ 1,336,304</u>
 Plan fiduciary net position as a % of the total pension liability	 79.14%

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Information on the actuarial valuation and assumptions is as follows:

Valuation date	June 30, 2021
Actuarial cost method	Entry Age Normal
Expected remaining service lives	3 years
Investment rate of return	6.85% net of pension plan investment expense, including inflation
Inflation Rate	2.50%
Salary increases, including inflation and merit increases:	
- 1 to 4 years of service	7.40%
- More than 4 years of service	4.90%
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

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

Discount Rate

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public equity	53.00%	2.31%
Public fixed income	38.00%	1.65%
Alternatives	9.00%	0.39%
Totals	100.00%	4.35%
Inflation		2.60%
Expected Arithmetic Nominal Return		6.95%

The discount rate used to measure the total pension liability was 6.85% for the year ended June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates which are calculation in accordance with relevant statutes and approval by the Board of Trustees and the Public Retirement System's Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the City of DeRidder calculated using the discount rate of 6.85%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.85%, or one percentage point higher 7.85% than the current discount rate (assuming all other assumptions remain unchanged):

	Changes in Discount Rate:		
	1.00% Decrease 5.85%	Current Discount Rate 6.85%	1.00% Increase 7.85%
Net Pension Liability	\$ 2,050,168	\$ 1,336,304	\$ 732,509

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

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

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

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

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 10% and 8% for MPERS and MPERS dispatchers respectively of their annual covered salary and the City of DeRidder is required to contribute at an actuarially determined rate. The current rate is 29.75% and 29.75% for MPERS and MPERS dispatchers respectively of annual covered payroll. The contribution requirements of plan members and the City of DeRidder are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of DeRidder's contributions to the System for the years ending September 30, 2021, 2020 and 2019, were \$432,067, \$436,790, and \$422,659 respectively, equal to the required contributions for each year.

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

At September 30, 2021, the City reported a liability of \$2,315,040 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2021 the City's proportion was .434297%, which was an increase of .008892% from its proportion measured as of June 30, 2020.

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

For the year ended September 30, 2021, the City recognized pension expense of \$266,289. At September 30, 2021, the City recognized deferred outflows of resources and deferred inflows of resources related to pension from the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 71,296
Changes of assumptions	256,378	66,038
Net difference between projected and actual earnings on pension plan investments	-	1,080,942
Changes in proportion and differences between City contributions and proportionate share of contributions	57,571	-
Difference between employer and proportionate share of contributions	36,530	3,414
City contributions subsequent to the measurement date	92,666	-
Total	<u>\$ 443,145</u>	<u>\$ 1,221,690</u>

The \$92,666 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2022	\$ 141,187
2023	170,487
2024	187,125
2025	372,412
Total	<u>\$ 871,211</u>

Actuarial Methods and Assumptions

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

The components of the net pension liability of the City of DeRidder as of June 30, 2021 are as follows:

Total Pension Liability	\$ 14,549,073
Plan Fiduciary Net Pension	(12,234,033)
Total Net Pension Liability	<u>\$ 2,315,040</u>

Plan fiduciary net position as a % of the total pension liability	84.09%
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The actuarial assumptions used in the June 30, 2021 valuation were based on the assumptions used in the June 30, 2021 actuarial funding valuation and were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows:

Valuation Date	June 30, 2021	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	6.75%, net of investment expense	
Expected Remaining Service Lives	2021 – 4 years 2020 – 4 years 2019 – 4 years 2018 – 4 years	
Inflation Rate	2.50%	
Salary increases, including inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1 – 2	12.30%
	Above 2	4.70%
Mortality	<p>For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Health Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p>	
Cost-of-Living Adjustments	<p>The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.</p>	

The mortality rate assumption used was set based upon an experience study for the period July 1, 2014 through June 30, 2019. A change was made with full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

Best estimates of arithmetic nominal rates of return for each major asset class included in the System’s target allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	55.50%	3.48%
Fixed income	30.50%	0.59%
Alternatives	14.00%	1.01%
Totals	100.00%	5.08%
Inflation		2.22%
Expected Arithmetic Return		7.30%

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System’s actuary. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the City of DeRidder calculated using the discount rate of 6.75%, as well as what the employers’ net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.75%, or one percentage point higher 7.75% than the current rate as of June 30, 2021:

	Changes in Discount Rate:		
	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
Net Pension Liability	\$ 4,034,750	\$ 2,315,040	\$ 879,664

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.

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

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 33.75% of annual covered payroll. The contribution requirements of plan members and the City of DeRidder are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of DeRidder's contributions to the System for the years ending September 30, 2021, 2020, and 2019, were \$276,567, \$234,385, and \$216,216, respectively, equal to the required contributions for each year.

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

At September 30, 2021, the City reported a liability of \$1,191,921 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2021, the City's proportion was .336335%, which was an increase of .01415% from its proportion measured as of June 30, 2020.

For the year ended September 30, 2021, the City recognized pension expense of \$197,333. At September 30, 2021, the City recognized deferred outflows of resources and deferred inflows of resources related to pension from the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 17,010	\$ 107,037
Changes of assumptions	258,281	-
Net difference between projected and actual earnings on pension plan investments	-	723,328
Changes in proportion and differences between City contributions and proportionate share of contributions	72,063	556
Difference between employer and proportionate share of contributions	4,996	152,838
City contributions subsequent to the measurement date	65,567	-
Total	<u>\$ 417,917</u>	<u>\$ 983,759</u>

The \$65,567 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2022	\$ 140,382
2023	146,943
2024	187,330
2025	210,273
2026	(24,561)
2027	(28,958)
Total	<u>\$ 631,409</u>

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

Actuarial Methods and Assumptions

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

The components of the net pension liability of the City of DeRidder as of June 30, 2021 are as follows:

Total Pension Liability	\$ 9,017,760
Plan Fiduciary Net Pension	(7,825,839)
Total Net Pension Liability	<u>\$ 1,191,921</u>

Plan fiduciary net position as a % of the total pension liability	86.78%
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The actuarial assumptions used in the June 30, 2021 valuation were based on the assumptions used in the June 30, 2021 actuarial funding valuation, and were based on results of an actuarial experience study for the period July 1, 2014 – June 30, 2019. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method for Financial Reporting	Entry Age Normal
Expected Remaining Service Lives	7 years, closed period
Investment Rate of Return (discount rate)	6.90% per annum (net of investment expenses, including inflation) (decreased from 7.00% in 2020)
Inflation Rate	2.50% per annum
Salary Increases	14.10% in the first two years of service and 5.20% with 3 or more years of service; includes inflation and merit increases
Cost of Living Adjustments (COLAs)	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

For the June 30, 2021 valuation, assumptions for mortality rates were based on the following:

- For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.
- For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.
- For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.
- In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP2019 scale.

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

The June 30, 2021 estimated long-term expected rate of return on pension plan investments was determined by the Systems actuary using the System's target asset allocation as of January 2021 and the G.S. Curran & Company Consultant Average study for 2021. The consultants' average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long term standard deviation and then reduced the assumption by the long term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined.

Subsequent to the actuary's calculation of the long-term expected real rate of return in January 2021, the Board voted to amend the target asset allocation. These changes include an increase to target weight in public equity, a decrease in the target weight in fixed income, and the inclusion of a target weight in private real assets. The changes to the target asset allocation are reflected in the table below. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2021.

The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. The actuary's method incorporates information from multiple consultants and investment firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The actuary's method integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2021 and June 30, 2020, are summarized in the following tables:

As of June 30, 2021

	Asset Type	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	U.S. Equity	27.50%	5.86%
	Non-U.S. Equity	11.50%	6.44%
	Global Equity	10.00%	6.40%
	Emerging Market Equity	7.00%	8.64%
Fixed Income	U.S. Core Fixed Income	18.00%	0.97%
	U.S. TIPS	3.00%	0.40%
	Emerging Market Debt	5.00%	2.75%
Multi-Asset Strategies	Global Tactical Asset Allocation	0.00%	4.17%
	Risk Parity	0.00%	4.17%
Alternatives	Real Estate	6.00%	5.31%
	Private Equity	9.00%	9.53%
	Real Assets	3.00%	0.00%
		<u>100.00%</u>	

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on those assumptions, the

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the City of DeRidder calculated using the discount rate of 6.90%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.90%, or one percentage point higher 7.90% than the current rate as of June 30, 2021:

	<u>Changes in Discount Rate:</u>		
	1.00% Decrease	Current Discount Rate 6.90%	1.00% Increase
Net Pension Liability	<u>\$ 2,286,614</u>	<u>\$ 1,191,921</u>	<u>\$ 278,960</u>

13. Other Post-Employment Benefits

The City provides certain continuing health care and life insurance benefits for the City's retired employees. Substantially all of the City's employees become eligible for these benefits if they reach normal retirement age while working for the City. Those benefits for retirees are provided through Humana, United Healthcare, Delta and Dearborn National whose monthly premiums are paid by the City. The City pays the premiums on a "pay-as-you-go" basis. For the year ended September 30, 2021, there were fifty-nine retirees and the costs of their benefits totaled \$317,892.

Relationship Between Valuation Date, Measurement Date, and Reporting Date

The Valuation Date is October 1, 2020. This is the date as of which the actuarial valuation is performed. The Measurement Date is September 30, 2021. This is the date as of which the total OPEB liability is determined. The Reporting Date is September 30, 2021. This is the plan's and/or employer's fiscal year ending date.

Significant Changes

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

Participant Data as of October 1, 2020

Actives	112
Retirees	<u>59</u>
Total	<u>171</u>

	<u>October 1, 2020 to September 30, 2021</u>
OPEB Expense	
Service cost	\$ 448,915
Interest on cost at 2.21%	334,661
Changes in assumptions/inputs	(114,173)
Changes in assumptions/inputs prior years	22,980
Difference in expected and actual experience	(734,116)
Difference in expected and actual experience prior years	(540,743)
OPEB Expense	<u>\$ (582,476)</u>

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

As of September 30, 2021, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/Outflows of Resources	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 6,272,586
Changes of assumptions	<u>1,772,188</u>	<u>3,746,381</u>
Total	<u>\$ 1,772,188</u>	<u>\$ 10,018,967</u>

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

Year ended September 30:	
2022	\$ 1,285,550
2023	654,297
2024	1,493,754
2025	1,493,754
2026	1,493,754
Thereafter	1,825,671

Total OPEB Liability

	<u>September 30, 2021</u>
Total OPEB Liability	
Total OPEB liability	\$ 8,597,963
Covered payroll	4,300,882
Total OPEB liability as a % of covered payroll	199.91%

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

	<u>September 30, 2021</u>
Discount rate	
Discount rate	2.15%

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

Other Key Actuarial Assumptions

Actuarial Assumptions and other inputs – The total OPEB liability in the September 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Salary increases	3.00, including inflation

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

Discount rate	2.21% annually (Beginning of Year to Determine ADC) 2.15%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	5.5% annually until year 2030, then 4.5%
Mortality	SOA RP-2014 Table

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of September 30, 2021, the end of the applicable measurement period.

The actuarial assumptions used in the September 30, 2021 valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2009 to September 30, 2021.

Changes in Total OPEB Liability

	<u>Increase (Decrease) Total OPEB Liability</u>
Changes in Total OPEB Liability	
Balance as of September 30, 2020	\$ 14,918,591
Changes for the year:	
Service cost	448,915
Interest on total OPEB liability	334,661
Difference between expected and actual experience	(5,872,931)
Change in assumptions	(913,381)
Benefit payments	(317,892)
Net changes	<u>(6,320,628)</u>
Balance as of September 30, 2021	<u>\$ 8,597,963</u>

Sensitivity Analysis

The following presents the total OPEB liability of the City of DeRidder, calculated using the discount rate of 2.21%, as well as what the City of DeRidder's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower 1.21% or 1 percentage point higher 3.21% than the current rate.

	1.00% Decrease 1.21%	Discount Rate 2.21%	1.00% Increase 3.21%
Total OPEB liability	<u>\$ 10,318,568</u>	<u>\$ 8,597,963</u>	<u>\$ 7,274,781</u>

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

	1.00% Decrease 4.50%	Current Trend Rate 5.50%	1.00% Increase 6.50%
Total OPEB liability	<u>\$ 7,367,263</u>	<u>\$ 8,597,963</u>	<u>\$ 10,193,485</u>

14. Deferred Compensation

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

City of DeRidder, Louisiana

Notes to the Financial Statements (Concluded)

The Louisiana Deferred Compensation Plan provides state, parish, and municipal employees with the opportunity to invest money on a before-tax basis, using payroll deduction. Participants defer federal and state income tax on their contributions. In addition, interest or earnings on the account accumulates tax-deferred. Participants may join the plan with as little as \$10 per pay period, or \$20 per month, and contribute up to a maximum of 25% of taxable compensation, not to exceed \$19,500 for calendar year 2020 and \$19,500 for calendar year 2021 for those participants under age 50. For participants age 50 and older, the limit is \$26,000 for calendar year 2020 and \$26,000 for calendar year 2021.

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

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

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

REQUIRED SUPPLEMENTAL INFORMATION

General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Ad valorem	\$ 828,000	\$ 909,300	\$ 909,306	\$ 6
Insurance premium tax	46,000	46,800	46,731	(69)
Franchise tax	567,000	558,500	558,391	(109)
Alcohol tax	21,000	23,800	23,761	(39)
Intergovernmental:				
Federal grants	155,000	2,166,700	2,167,392	692
State grants	50,000	-	-	-
Local grants	113,500	138,400	111,720	(26,680)
Occupational licenses and permits	638,000	701,200	716,823	15,623
Fees and charges for services	165,400	191,100	180,602	(10,498)
Investment income	49,000	46,800	46,719	(81)
Rental income	45,600	40,800	40,800	-
Miscellaneous	-	-	2,451	2,451
Restitution funds	-	-	995	995
Asset forfeiture revenues	-	-	7,966	7,966
Total revenues	<u>\$ 2,678,500</u>	<u>\$ 4,823,400</u>	<u>\$ 4,813,657</u>	<u>\$ (9,743)</u>
Expenditures				
Current operating:				
General government	\$ 1,052,400	\$ 1,072,600	\$ 1,071,509	\$ 1,091
Public safety	4,806,900	4,745,600	4,772,658	(27,058)
Culture & recreation	205,300	227,400	227,647	(247)
Transit	250,000	225,000	225,514	(514)
Debt service:				
Principal	50,000	1,075,800	1,075,820	(20)
Interest and charges	7,300	26,800	26,787	13
Capital outlay	481,200	610,000	609,840	160
Total expenditures	<u>\$ 6,853,100</u>	<u>\$ 7,983,200</u>	<u>\$ 8,009,775</u>	<u>\$ (26,575)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (4,174,600)</u>	<u>\$ (3,159,800)</u>	<u>\$ (3,196,118)</u>	<u>\$ (36,318)</u>
Other financing sources (uses):				
Transfers in	\$ 3,326,700	\$ 4,234,200	\$ 4,234,232	\$ 32
Transfers out	(56,000)	(56,000)	(56,000)	-
Sale of assets	35,000	38,000	36,699	(1,301)
Line of credit proceeds	-	2,055,500	2,055,450	(50)
Insurance proceeds	25,000	479,000	478,939	(61)
Total other financing sources (uses)	<u>\$ 3,330,700</u>	<u>\$ 6,750,700</u>	<u>\$ 6,749,320</u>	<u>\$ (1,380)</u>

(Continued)

General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Extraordinary item:				
Hurricane Laura expenditures	\$ -	\$ (3,590,000)	\$ (3,589,921)	\$ 79
Special item:				
Hurricane related FEMA federal grant	\$ -	\$ 1,333,800	\$ 1,333,765	\$ (35)
Net change in fund balance	\$ (843,900)	\$ 1,334,700	\$ 1,297,046	\$ (37,654)
Fund balances at beginning of year	2,000,000	1,936,758	1,936,758	-
Fund balances at end of year	<u>\$ 1,156,100</u>	<u>\$ 3,271,458</u>	<u>\$ 3,233,804</u>	<u>\$ (37,654)</u>

(Concluded)

Sales Tax Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Sales	\$ 6,500,000	\$ 9,095,200	\$ 9,095,190	\$ (10)
Fees and charges for services	14,600	14,600	14,580	(20)
Investment income	55,600	47,600	47,626	26
Total revenues	<u>\$ 6,570,200</u>	<u>\$ 9,157,400</u>	<u>\$ 9,157,396</u>	<u>\$ (4)</u>
Expenditures				
General government	\$ 719,800	\$ 753,100	\$ 738,978	\$ 14,122
Public works	2,416,500	2,305,800	2,313,465	(7,665)
Capital outlay	848,200	305,100	305,038	62
Total expenditures	<u>\$ 3,984,500</u>	<u>\$ 3,364,000</u>	<u>\$ 3,357,481</u>	<u>\$ 6,519</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 2,585,700</u>	<u>\$ 5,793,400</u>	<u>\$ 5,799,915</u>	<u>\$ 6,515</u>
Other financing sources (uses):				
Transfers in	\$ 36,000	\$ 36,000	\$ 36,000	\$ -
Transfers out	(3,826,700)	(4,734,300)	(4,734,232)	68
Insurance proceeds	10,000	12,700	12,718	18
Gain on sale of assets	3,000	-	-	-
Total other financing sources (uses)	<u>\$ (3,777,700)</u>	<u>\$ (4,685,600)</u>	<u>\$ (4,685,514)</u>	<u>\$ 86</u>
Net change in fund balance	\$ (1,192,000)	\$ 1,107,800	\$ 1,114,401	\$ 6,601
Fund balances at beginning of year	3,500,000	3,412,241	3,412,241	-
Fund balances at end of year	<u>\$ 2,308,000</u>	<u>\$ 4,520,041</u>	<u>\$ 4,526,642</u>	<u>\$ 6,601</u>

Schedule of the City's Proportionate Share of the Net Pension Liability
For the Year Ended September 30, 2021

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

(Continued)

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

Schedule of the City's Proportionate Share of the Net Pension Liability
For the Year Ended September 30, 2021

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

(Continued)

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

Schedule of the City's Proportionate Share of the Net Pension Liability
For the Year Ended September 30, 2021

	September 30, 2020	September 30, 2021
Municipal Employees' Retirement System		
City's proportion of the net pension liability (asset)	2.365442%	2.306722%
City's proportionate share of the net pension liability (asset)	\$ 2,143,626	\$ 1,336,304
City's covered-employee payroll	\$ 1,736,487	\$ 1,806,953
City's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	123.45%	73.95%
Plan fiduciary net position as a percentage of the total pension liability	66.26%	79.14%
Municipal Police Employees' Retirement System		
City's proportion of the net pension liability (asset)	.425405%	.432067%
City's proportionate share of the net pension liability (asset)	\$ 3,931,734	\$ 2,315,040
City's covered-employee payroll	\$ 1,294,191	\$ 1,304,211
City's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	303.80%	177.53%
Plan fiduciary net position as a percentage of the total pension liability	70.94%	84.09%

(Continued)

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

Schedule of the City's Proportionate Share of the Net Pension Liability
For the Year Ended September 30, 2021

Firefighters' Retirement System	September 30, 2020	September 30, 2021
City's proportion of the net pension liability (asset)	.322185%	.336335%
City's proportionate share of the net pension liability (asset)	\$ 2,233,241	\$ 1,191,921
City's covered-employee payroll	\$ 726,775	\$ 819,459
City's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	307.28%	145.45%
Plan fiduciary net position as a percentage of the total pension liability	72.61%	86.78%

(Concluded)

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

Schedule of the City's Pension Contributions
For the Year Ended September 30, 2021

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

(Continued)

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

Schedule of the City's Pension Contributions
For the Year Ended September 30, 2021

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

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

Schedule of the City's Pension Contributions
For the Year Ended September 30, 2021

	September 30 2020	September 30 2021
Municipal Employees' Retirement System	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 269,155	\$ 280,078
Contributions in relation to the contractually required contribution	<u>269,155</u>	<u>280,078</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,736,487	\$ 1,806,953
Contributions as a percentage of covered-employee payroll	15.50%	15.50%
Municipal Police Employees' Retirement System		
Contractually required contribution	\$ 436,790	\$ 432,067
Contributions in relation to the contractually required contribution	<u>436,790</u>	<u>432,067</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,294,191	\$ 1,304,211
Contributions as a percentage of covered-employee payroll	33.75%	33.13%

(Continued)

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

Schedule of the City's Pension Contributions
For the Year Ended September 30, 2021

Firefighters' Retirement System	September 30 2020	September 30 2021
Contractually required contribution	\$ 234,385	\$ 276,567
Contributions in relation to the contractually required contribution	<u>234,385</u>	<u>276,567</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 726,755	\$ 819,459
Contributions as a percentage of covered-employee payroll	32.25%	33.75%

(Concluded)

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

Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended September 30, 2021

	September 30, 2019	September 30, 2020	September 30, 2021
Total OPEB Liability			
Service cost	\$ 703,377	\$ 1,271,527	\$ 448,915
Interest on total OPEB liability	542,463	509,618	334,661
Changes of benefit terms:			
Difference between expected and actual experience	-	(1,083,520)	(5,872,931)
Change in assumptions	4,570,382	(3,563,828)	(913,381)
Benefit payments	(202,884)	(203,157)	(317,892)
Net change in total OPEB liability	<u>\$ 5,613,338</u>	<u>\$ (3,069,360)</u>	<u>\$ (6,320,628)</u>
Total OPEB liability - beginning	<u>\$ 12,374,616</u>	<u>\$ 17,987,951</u>	<u>\$ 14,918,591</u>
Total OPEB liability - ending	<u><u>\$ 17,987,954</u></u>	<u><u>\$ 14,918,591</u></u>	<u><u>\$ 8,597,963</u></u>
Covered payroll	\$ 4,267,068	\$ 4,788,486	\$ 4,300,882
Total OPEB liability as a percentage of covered payroll	421.55%	311.55%	199.91%

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

OTHER SUPPLEMENTAL SCHEDULES

City of DeRidder, Louisiana

Non-major Fund

Non-major Capital Projects Fund

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

Balance Sheet
 Non-major Governmental Fund
 For the Year Ended September 30, 2021

	Non-major Capital Project Fund LCDBG Fund
ASSETS	
Cash and cash equivalents	\$ 845
Due from other funds	3,752
Total assets	\$ 4,597
LIABILITIES AND FUND BALANCES	
Liabilities:	
Due to other funds	\$ 735
Fund Balances:	
Unassigned	\$ 3,862
Total liabilities and fund balances	\$ 4,597

Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-major Governmental Fund
 For the Year Ended September 30, 2021

	Non-major Capital Project Fund LCDBG Fund
	<u> </u>
Revenues	
Intergovernmental:	
Federal grants	<u>\$ 126,039</u>
Expenditures	
Engineering and administration fees	\$ 10,491
Construction cost	126,039
Administration fees	250
Total expenditures	<u>\$ 136,780</u>
Excess (deficiency) of revenues over expenditures	\$ (10,741)
Other financing sources (uses)	
Transfers in	<u>\$ 14,598</u>
Net change in fund balances	\$ 3,857
Fund balances at beginning of year	<u> 5</u>
Fund balances at end of year	<u><u>\$ 3,862</u></u>

Schedule of Compensation of Board Members
For the Fiscal Year Ended September 30, 2021

Vincent Labue	\$	7,200
Charles Larken		7,200
Keith Hooper		7,200
Kimaron Moore		7,200
Julian Williams		7,200
John Marcello		7,200
Lydia Reynolds		7,200
		<hr/>
	\$	50,400
		<hr/>

Schedule of Compensation, Benefits and
Other Payments to Agency Head
For the Fiscal Year Ended September 30, 2021

Mayor Misty Clanton

Purpose	Amount
Salary	\$ 74,650
Benefits - health insurance	14,185
Benefits - dental insurance	577
Benefits - retirement	11,571
Benefits - deferred compensation	2,600
Car allowance	9,977
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	10,193
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Grantor and Number	Federal Expenditures
<i>Highway Safety Cluster-Cluster</i>			
Department of Transportation			
State and Community Highway Safety			
State and Community Highway Safety	20.600	Louisiana Highway Safety Commission	735
Total State and Community Highway Safety			<u>735</u>
<i>Total Department of Transportation</i>			<u>735</u>
<i>Total Highway Safety Cluster-Cluster</i>			<u>735</u>
<i>Other Programs</i>			
Department of Homeland Security			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		1,333,765
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			<u>1,333,765</u>
<i>Total Department of Homeland Security</i>			<u>1,333,765</u>
Department of Transportation			
Formula Grants for Rural Areas and Tribal Transit Program			
Formula Grants for Rural Areas and Tribal Transit Program	20.509	Louisiana Department of Transportation and Development	208,658
Total Formula Grants for Rural Areas and Tribal Transit Program			<u>208,658</u>
<i>Total Department of Transportation</i>			<u>208,658</u>
Department of Housing and Urban Development			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Louisiana Community Development Block Grant	126,039
Total Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii			<u>126,039</u>
<i>Total Department of Housing and Urban Development</i>			<u>126,039</u>
<i>Total Other Programs</i>			<u>3,626,460</u>
<i>Total Expenditures of Federal Awards</i>			<u><u>\$ 3,627,195</u></u>

The accompanying notes are an integral part of this schedule.

City of DeRidder, Louisiana

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

Note A. Scope of Audit

The audit was performed pursuant to the *Single Audit Act of 1996* and the *Uniform Guidance*.

Summary of significant accounting policies:

The Schedule of Expenditures of Federal Awards has been prepared on the full accrual basis of accounting used by the City in preparation of the government wide financial statements that report these awards. The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The preparation of the Schedule of Expenditures of Federal Awards in conformity with accounting principles generally accepted in the United States of America requires management to make certain assumptions that affect the reported amounts of expenditures during the reporting period. Actual results could differ from those estimates.

Note B. Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the City that were received directly from federal agencies or passed through other entities and governmental agencies.

The City has prepared this Schedule of Expenditures of Federal Awards to comply with the provisions of the Uniform Guidance. The Uniform Guidance stipulates that a Schedule of Expenditures of Federal Awards be prepared showing total expenditures of each federal award program as identified in the Catalog of Federal Domestic Assistance (CFDA) and for other federal financial awards that have not been assigned a catalog number.

Note C. Major Federal Awards Program

The City's major federal awards program for the year ended September 30, 2021 was determined based on program activity. The City's major programs for the year ended September 30, 2021 consisted of federally assisted high risk "Type A" programs.

Note D. Subsequent Events

The City is required to evaluate events or transactions that may occur after the schedule of expenditures of federal awards date for potential recognition or disclosure in the notes to the schedule of expenditures of federal awards. The City performed such an evaluation through the date of the opinion, which is the date which the schedule of expenditures of federal awards was available to be issued, and noted no events or transactions that occurred after the schedule of expenditures of federal awards date requiring recognition or disclosure.

Note E. Indirect Cost Rate

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

OTHER REPORTS

Schedule of Prior Year Audit Findings
For the Year Ended September 30, 2021

There were no prior year audit findings as of September 30, 2020.

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2021

There were no current year audit findings as of September 30, 2021.

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2021

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, 2021.
2. The audit disclosed no material weaknesses in internal control.
3. The audit disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.
4. The audit did not disclose any material weaknesses 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 in accordance with the Uniform Guidance.
7. The following programs were major for the year ended September 30, 2021:
 - Disaster Grants – Public Assistance (Presidentially)
 - Declared Disasters – CFDA #97.036
8. \$750,000 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.

Windham & Reed, L.L.C.

Certified Public Accountants

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of DeRidder, Louisiana as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of DeRidder, Louisiana's basic financial statements, and have issued our report thereon dated February 21, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

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

DeRidder, Louisiana
February 21, 2022

Windham & Reed, L.L.C.

Certified Public Accountants

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Charles M. Reed, Jr., CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of DeRidder, Louisiana's compliance with the types of compliance requirements described in the *OMB 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, 2021. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of DeRidder, Louisiana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we 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 we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our 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, 2021.

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 our 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we 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 a 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.

Our 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 weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we 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 our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



DeRidder, Louisiana
February 21, 2022