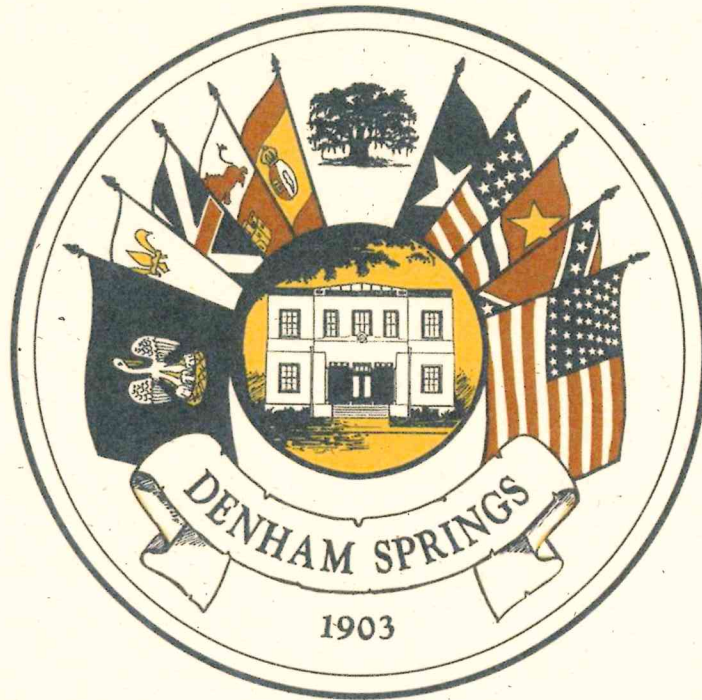


City of Denham Springs, State of Louisiana



***COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT***

For The Year Ended June 30, 2018

**Comprehensive  
Annual Financial Report  
of the**

**CITY OF DENHAM SPRINGS**

**Denham Springs, Louisiana**

**For the Fiscal Year Ended  
June 30, 2018**

**Prepared by the  
City of Denham Springs  
Accounting Department**

**CITY OF DENHAM SPRINGS  
DENHAM SPRINGS, LOUISIANA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2018**

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**CITY OF DENHAM SPRINGS  
DENHAM SPRINGS, LOUISIANA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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**CITY OF DENHAM SPRINGS  
DENHAM SPRINGS, LOUISIANA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2018

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## *City of Denham Springs*

**MAYOR**  
GERARD LANDRY

**CITY CLERK**  
JOAN LEBLANC

**CITY TREASURER**  
MICHELLE W. HOOD

December 26, 2018

To the Honorable Mayor, Members of the City Council,  
and Citizens of the City of Denham Springs

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Denham Springs (City) for the fiscal year ended June 30, 2018.

This report consists of management's representations concerning the finances of the City of Denham Springs. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Denham Springs has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Hannis T. Bourgeois, LLP, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Denham Springs for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected were based on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. The 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. The independent auditor's opinion on the primary government was unmodified in that the financial statements of the primary government of the City of Denham Springs present fairly, in all material respects, the respective financial position included in each of the components of the financial statements. During the current fiscal year, the City was required to undergo a single audit in conformance with the provisions of the revised Single Audit Act of 1996 and

Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, Findings and Recommendations, and the Auditor's Report on Compliance and on Internal Control over Financial Reporting is included in a separately issued report and is available upon request.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

The City of Denham Springs, incorporated in 1903, is located on the western side of Livingston Parish and is adjacent to East Baton Rouge Parish, which contains the state's capital city of Baton Rouge and is a major industrial area. The City currently occupies a land area of 7 square miles and serves a population of 10,332. The City of Denham Springs is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City of Denham Springs has operated under the mayor-board of aldermen (city council) form of government since 1903. Policy-making and legislative authority are vested in a governing council consisting of five council members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, and appointing committees. The mayor is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing, with the approval of the city council, the heads of the various departments. The mayor and the city council are elected at large. The mayor and the five council members serve four-year terms.

The City of Denham Springs provides a full range of services, including police and fire protection, maintenance of streets and drainage, maintaining landscape beautification, animal control, cemetery, general administrative services, planning and zoning, building inspection, main street program, tourism, recreation, health services, gas services, water services, sewer services, and recycling and solid waste disposal.

A determination of the financial reporting entity to be included in this comprehensive annual financial report (CAFR) is made through the application of criteria established by the Governmental Accounting Standards Board (GASB), Statement 61. A complete explanation of the financial reporting entity is included in the Summary of Significant Accounting Policies in the Notes to the Financial Statements.

The City of Denham Springs financial reporting entity consists of the following:

- The Primary Government – This is the City (all funds under the auspices of the Mayor and the City Council).
- Legally separate component units – These units of government are legally separate from the City government but have a sufficiently close relationship with the government to warrant inclusion in the consolidated financial report.

The financial statements included in this CAFR are as follows:

➤ The City of Denham Springs	Primary Government
➤ Denham Springs Sewerage District No. 1	Blended Component Unit
➤ City Court of Denham Springs - Ward II	Discrete Component Unit
➤ Marshal of City Court of Denham Springs - Ward II	Discrete Component Unit
➤ Denham Springs Economic Development District	Discrete Component Unit
➤ Springs at Riverside Landing Economic Development District	Discrete Component Unit

An explanation of the accounting policies of the City of Denham Springs is contained in the Notes to the Financial Statements. The basis of accounting, fund structure, and other significant information on financial policies is explained in detail in the Notes to the Financial Statements.

The annual budget serves as the foundation for the City's financial planning and control. All agencies of the City of Denham Springs are required to submit requests for appropriation to the government's city treasurer. The city treasurer uses these requests as the starting point for developing a proposed budget. The mayor reviews the proposed budget for revisions and budget message. The city treasurer then presents this proposed budget to the city council for review. The city council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the governing council. Additional details on the budget process are explained in the Notes to the Financial Statements.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and Capital Projects Fund, these comparisons are presented in Exhibit B-5 and Exhibit B-6, respectively, as part of the financial statements of the governmental funds. The only other governmental fund with an annual appropriated budget is the Witness Fee Special Revenue Fund. This fund is considered a nonmajor fund. The budget comparison is presented in Exhibit D-3 as part of the financial statements of the governmental funds.

As authorized by the Mayor-City Council, the Accounting Department is entrusted with maintaining accounting systems for the City of Denham Springs in accordance with the best-recognized practices in governmental accounting. It keeps the records for, and with the authority of the Mayor, exercises financial and budgetary control over each City department.

In developing and evaluating the accounting system of the City of Denham Springs, the Accounting Department considers the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and regarding the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.



As a recipient of federal and state financial assistance, the City of Denham Springs government is responsible for ensuring that adequate internal controls are in effect. All internal control evaluations occur within the framework described. The Accounting Department believes that the internal controls of the City of Denham Springs adequately safeguard and provide reasonable assurance of the proper recording of financial transactions.

## **Factors Affecting Financial Condition**

### **Economic Condition and Outlook**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Denham Springs operates.

**Local economy.** The City of Denham Springs continues to enjoy a favorable economic environment and local indicators point to continued stability. The region has a varied industrial base that adds to the relative stability of the unemployment rate. Major industrial areas located within close proximity include the petrochemical manufacturing plants and the companies supported by these plants such as suppliers, contractors, professionals and financial institutions. Add to this the state governmental job availability in the surrounding areas of Baton Rouge, the state capital for the State of Louisiana, and the businesses supported directly and indirectly.

The factors new residents consider when relocating to Livingston Parish continues to be lower crime rates, a respected school system and various quality of life benefits offered such as recreation, arts, antiques, local music concerts, and theater productions. Though investment dollars are limited, retailers continue to follow the population growth and are locating or expanding operations within the City of Denham Springs. Long-term economic outlook and availability of commercial properties with city services including police and fire protection are major factors with retailers deciding to locate here.

The Bass Pro Shop and Islamorada Fish Company Restaurant opened in February 2008. Since that opening several restaurants have opened for business. Amite Crossing boutique strip center in the Bass Pro Development District was constructed and continues to maintain almost 100 percent occupancy. Also as part of the Bass Pro District is Sam's Club. There is still vacant land available for growth within the Bass Pro Development area.

Because of the growing Livingston parish population Veteran's Boulevard has seen growth in new medical facilities. Oschner has opened satellite doctor's offices on Veteran's along with new orthodontic, pediatric dentist, and general practitioner practices.

The region (which includes the City of Denham Springs and the surrounding unincorporated area within Livingston Parish) has an employed labor force of approximately 67,140. This is according to the Louisiana Department of Labor June 2018 employment numbers. The City's central business district continues to maintain its current 97-100 percent occupancy rate with a variety of stores, specialty shops, and commercial businesses.

## **Major Initiatives in 2018**

### **Long-term financial planning.**

The City will continue to improve services and upgrade infrastructure. Projects planned for the future include:

### **Highway Infrastructure Improvements**

- The Louisiana Department of Transportation and Development is researching possible improvements to interstate access in the Denham Springs area.
- Northside Sidewalk project. Sidewalks were constructed along Robbie Street to Northside Elementary School. Additionally, crosswalks were installed across Cockerham Road and at several places on Robbie Street where crossroads meet Robbie Street. This project was funded through the federal program Safe Routes to Schools with City being responsible for design costs. As of June 30, 2018, design costs paid by the City have totaled \$73,948.
- Road Transfer Credits – The City entered into a Cooperative Endeavor Agreement with the State of Louisiana in November 2016 that transferred ownership of state route LA 1030, known as Cockerham Road, from North Range Avenue east to the end of the corporate limits and state route LA 3282, known as Centerville Street, from North Range Avenue to Hatchell Lane. In consideration for acquiring these roadways, the State issued \$856,318 in road transfer credits for the City to use on current and future road projects undertaken with the State. These road transfer credits can be used to fund the City's cost share of the road projects. As of June 30, 2018, the City has utilized \$325,675 of the road transfer credits.
- Martin Luther King, Jr. Street, Maple Street, Julia Street, and River Road North repaving projects. These projects are to repave and slightly widen the roadways. Construction on Martin Luther King, Jr. Street and Maple Street began in the 2016-2017 fiscal year. As of June 30, 2018, \$471,391 and \$636,133 has been spent on Martin Luther King, Jr. Street and Maple Street, respectively. The City was reimbursed for 80% of the construction costs by the State. The remaining 20% that represents the City's share of construction costs will be funded from the Road Transfer Credits. Construction began on Julia Street and River Road North in the 2017-2018 fiscal year. It is anticipated that the City's 20% cost share will be fully covered by Road Transfer Credits for these two streets as well. As of June 30, 2018, \$448,638 has been spent on Julia Street and \$562,682 has been spent on River Road North.
- Hatchell Lane (LA Hwy. 1031) sidewalk/drainage project. The City has been awarded funding for the construction of sidewalks on the west side of Hatchell Lane from Cockerham Road to Denham Springs Junior High through the Safe Routes to Schools federal funding program. The City's financial responsibility is limited to design costs. Through June 30, 2018 the City has spent \$3,339 on engineering costs related to this project.
- Centerville Street sidewalk project. The City has been awarded funding for the construction of sidewalks on the north side of Centerville Street from Summers Street to Denham Springs Junior High through the Transportations Alternatives Project program. The City will have a cost share for construction costs of 20% and will also be responsible for costs related to design and construction administration. As of June 30, 2018, the City has not incurred any expenses related to this project.
- Planning and funding sources continue to be studied for the upgrade of Cook Road from Pete's Highway and an extension of Cook Road to Juban Road. This planned curb and gutter-street will provide access to new commercial areas. This is within the area under consideration for annexation and is a project expected to require a minimum of five years to complete.

## **Acknowledgements**

The preparation of this report on a timely basis could not have been accomplished without the dedicated services of a highly qualified staff. I also acknowledge the thorough, professional, and timely manner in which the audit was conducted by our independent auditors, Hannis T. Bourgeois, LLP (Certified Public Accountants).

Appreciation is also expressed to the Mayor and City Council for their support in planning and conducting the financial affairs of the City in a responsible and progressive manner.

Respectfully submitted,

City of Denham Springs

A handwritten signature in dark ink, reading "Michelle Hood". The signature is written in a cursive, flowing style with a large initial "M" and a long, sweeping underline.

Michelle Hood  
City Treasurer

CITY OF DENHAM SPRINGS  
PRINCIPAL ELECTED OFFICIALS

JUNE 30, 2018

Mayor:

H. Gerard Landry

City Council Members:  
Current Terms Expire December 31, 2018:

Lori Lamm-Williams

Jeffrey Wesley

Rene Delahoussaye

Robert Poole

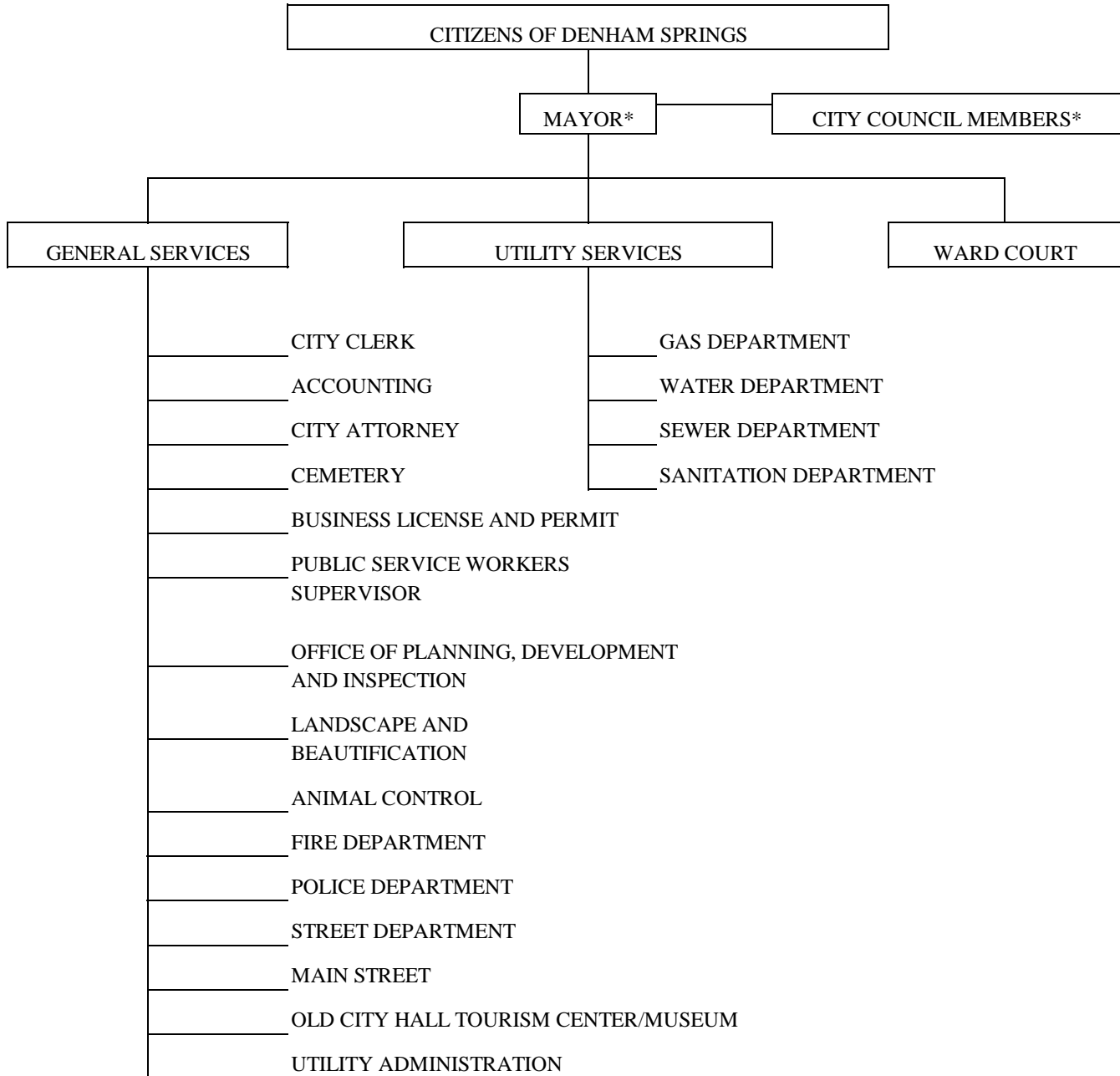
Arthur Perkins (Appointment April 11, 2017 to December 12, 2017)

Laura Schmitt Smith (Elected November 18, 2017)

# CITY OF DENHAM SPRINGS

## ORGANIZATIONAL CHART

JUNE 30, 2018



\* ELECTED OFFICIALS



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Denham Springs  
Louisiana**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morrill*

Executive Director/CEO

2322 Tremont Drive • Baton Rouge, LA 70809  
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726  
650 Poydras Street, Suite 1200 • New Orleans, LA 70130  
Phone: 225.928.4770 • Fax: 225.926.0945  
[www.htbcpa.com](http://www.htbcpa.com)

## INDEPENDENT AUDITOR'S REPORT

The Honorable H. Gerard Landry, Mayor  
and Members of the City Council  
Denham Springs, Louisiana

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the budgetary comparison statement of the general fund and the capital projects fund and the aggregate remaining fund information of the City of Denham Springs, Louisiana as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of the City's nonmajor internal service fund and each of the governmental funds presented in the accompanying combining financial statements and the budgetary comparison schedule the Special Revenue Fund as of and for the year ended June 30, 2018, as listed in the table of contents as exhibits D-1 through D-3.

### **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 did not audit the financial statements of the Marshal of City Court of Denham Springs – Ward Two and the City Court of Denham Springs – Ward II, which represent 1.35 percent, 1.03 percent, and 16.49 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by another auditor whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Marshal of City Court of Denham Springs – Ward Two and the City Court of Denham Springs – Ward II, are based solely on the reports of the other auditor. 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.

The Honorable H. Gerard Landry  
and Members of the City Council  
City of Denham Springs, Louisiana

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, based on our audit and the report of another auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Denham Springs, Louisiana, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison statement of the general fund and the capital projects fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the non-major internal service fund and each non-major governmental fund of the City of Denham Springs, Louisiana, as of June 30, 2018, and the respective changes in financial position, and, where applicable cash flows thereof and the budgetary comparison schedule of the Special Revenue Fund (exhibits D-3) for the year then ended in conformity 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, schedule of proportionate share of the net pension liability by plan, and the schedule of contributions by plan on pages 5 through 20 and 123 through 129 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 inquiries 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.



The Honorable H. Gerard Landry  
and Members of the City Council  
City of Denham Springs, Louisiana

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Denham Springs, Louisiana's basic financial statements. The introductory section, the capital assets schedules, Exhibits E-1 through E-3, the supplementary schedule of insurance coverage in force, Schedule 3, and the statistical section, Schedules 4 through 23 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The capital assets schedules, Exhibits E-1 through E-3, and the supplementary schedule of insurance coverage in force, Schedule 3, 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 capital assets schedules, Exhibits E-1 through E-3, and the supplementary schedule of insurance coverage in force, Schedule 3, are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section on pages iv through xi and the statistical section, Schedules 4 through 23, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2018, on our consideration of the City of Denham Springs' 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 City of Denham Springs' internal control over financial reporting and compliance.

Respectfully submitted,

*Hannis T. Bourgeois, LLP*

Denham Springs, Louisiana  
December 26, 2018

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Denham Springs, Louisiana, we offer readers of the City of Denham Springs, Louisiana's financial statements this narrative overview and analysis of the financial activities of the City of Denham Springs, Louisiana, for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iv-ix of this report.

### **Financial Highlights**

- The assets of the City of Denham Springs primary government exceeded liabilities at the close of the most recent fiscal year by \$18,909,711 (*net position*).
- The primary government's total net position compared to prior year of \$17,735,734 increased by \$1,173,977.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,864,441, an increase of \$119,490 in comparison with the prior year combined ending fund balances of \$5,744,951. Approximately seventy-four percent of this total amount, \$4,341,799, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,341,799 or 37 percent of total general fund expenditures.
- The City's total liabilities decreased by \$3,828,796 during the current fiscal year. Governmental Activities liabilities decreased \$2,253,188 while liabilities for Business-Type activities decreased \$1,575,608. Significant to this decrease were decreases in the City's Net Pension Liability of \$1,794,321 for Governmental Activities and \$111,494 for Business-Type Activities, a decrease in accounts payable and accrued expenses of \$443,801 in Governmental Activities offset by an increase of these items in Business-Type Activities of \$159,953.
- The City's total deferred outflows of resources decreased by \$1,542,761 during the current fiscal year. The majority of the decrease is related to a decrease in deferred outflows – related to pensions of \$1,432,724. Governmental Activities accounted for \$1,328,263 of the decrease while Business-Type activities decreased \$104,461. Business-Type Activities deferred amount on refunding decreased \$110,037.
- The City's total deferred inflows of resources related to pensions increased by \$372,781 during the current fiscal year. Governmental Activities accounted for \$310,914 of the increase while Business-Type activities increased \$61,867.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Denham Springs's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* (see Exhibit A-1 and A-2) are designed to provide readers with a broad overview of the City of Denham Springs's finances, in a manner similar to a private-sector business in that all governmental and business-type activities are consolidated into columns which add to a total for the primary government. The statements combine all governmental funds and internal service funds current financial resources with capital assets and long-term obligations. Also presented in the government-wide financial statements is a total column for the business-type activities of the primary government. Component units are separate legal governmental entities to which the City of Denham Springs may be obligated to provide financial assistance and are presented as a separate column in the government-wide statements and as individual activities within the basic financial statements. All City of Denham Springs discretely presented component unit agencies issue separate independently audited financial statements.

The *Statement of Net Position* (Exhibit A-1) presents information on all of the City of Denham Springs's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Denham Springs is improving or deteriorating.

The *Statement of Activities* (Exhibit A-2) presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. For example, uncollected taxes and earned but unused vacation leave result in cash flows for future periods. The focus of the Statement of Activities is on both the gross and net cost of various activities which are funded by the government's general tax and other revenues. This is intended to summarize information and simplify the user's analysis of the cost of various governmental services and/or subsidy to various governmental and business-type activities and component units.

Both of the government-wide financial statements distinguish functions of the City of Denham Springs that are principally supported by taxes, licenses, permits, fines and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Denham Springs include general government, public safety, highways and streets, health, and culture and recreation. The business-type activities of the City of Denham Springs include a natural gas and water distribution operation, a sewer disposal operation, and a contracted solid waste disposal operation. In addition, on January 26, 2009 the City of Denham Springs created Denham Springs Sewerage District No. 1. This sewer district encompasses unincorporated areas in Livingston Parish that the City provides natural gas and water services. Denham Springs Sewerage District No. 1 was created in accordance with Louisiana Statute and approved by resolution adopted by the Livingston Parish Council. Denham Springs Sewerage District No. 1 is a blended component unit. Blending is the method of reporting the financial data of a component unit to present the component unit's balances and transactions in a manner similar to the presentation of the balances and transactions of the primary government. All business-type activities are included in a single Utility Enterprise Fund.

The government-wide financial statements include not only the City of Denham Springs itself (known as the *primary government*), but also a legally separate City Court of Denham Springs Ward II and a legally separate Marshall of City of Denham Springs - Ward II for which the City of Denham Springs is financially accountable. In addition to the state constitutionally defined agencies included above, the City has created two Economic Development Districts under Louisiana Statute, the Denham Springs Economic Development District and the Springs at Riverside Landing Economic Development District, to assist the City and surrounding area in the creation of economic development, to improve employment and to otherwise improve the economic condition of the City of Denham Springs and surrounding areas. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements are presented in Exhibits A-1 and A-2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Denham Springs, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Denham Springs can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Denham Springs maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital projects fund, which are considered major funds. Data from the other three governmental funds (debt service, permanent, and special revenue) are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Denham Springs adopts an annual appropriated budget for its general fund and the capital projects fund. Budgetary comparison statements have been provided for the general fund and the capital projects fund to demonstrate compliance with its budget.

The basic governmental fund financial statements are presented in Exhibits B-1 to B-6 of this report.

**Proprietary funds.** The City of Denham Springs maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Denham Springs uses enterprise funds (Utility Enterprise Fund and Denham Springs Sewer District Number 1) to account for its natural gas and water distribution operation, sewer disposal operation, and contracted solid waste disposal operation. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Denham Springs uses an internal service fund to account for fuel and maintenance cost for its fleet of vehicles and equipment. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the enterprise funds consisting of the natural gas and water distribution operation, sewer disposal operation, and contracted solid waste disposal operation, which are considered to be major funds of the City of Denham Springs. Conversely, the internal service fund is a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements are presented in Exhibits C-1 to C-3 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Cash management policies and practices of the City of Denham Springs conservatively invest idle funds in public funds interest bearing checking accounts through Capital One, N.A. All cash and investments are collateralized with securities pledged by the financial institution and held in our name by an approved third-party custodial bank. Procedures followed and securities pledged are in accordance with the Statutes of the State of Louisiana. The average yield on the public funds interest bearing checking account was 0.62% for the fiscal year ended June 30, 2018.

During the fiscal year ended June 30, 2018, management believes the City is fully insured for all major risks, such as General Liability, Worker's Compensation, Employee and Public Official Fidelity Bonds, and Fire Extended Coverage and Flood Insurance. The City maintains no self-insurance program at June 30, 2018.

Additional information on the City of Denham Springs cash management policies and practices and risk management can be found in the notes to the financial statements on pages 46-121 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, the combining statements, and the individual budgetary comparison schedules referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. The combining and individual fund statements and schedules are presented behind the notes to the financial statements as Exhibits D-1 to D-3 of this report.

### **Government-wide Financial Analysis**

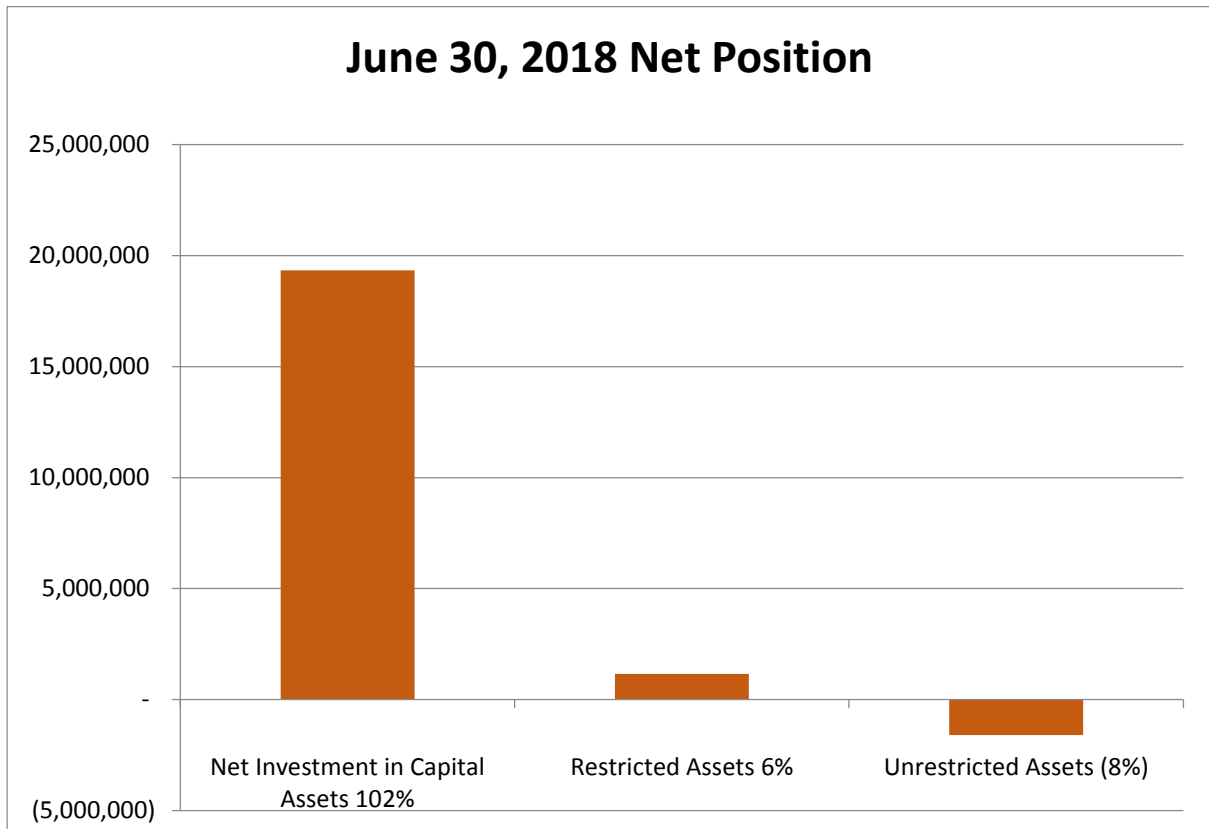
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Denham Springs, assets exceeded liabilities by \$18,909,711 at the close of the most recent fiscal year.

The following table reflects the Condensed Statement of Net Position for June 30, 2018 with comparative figures from 2017.

City of Denham Springs  
Condensed Statement of Net Position  
June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and Other						
Assets	\$ 7,146,492	\$ 7,427,821	\$ 5,485,007	\$ 5,124,506	\$ 12,631,499	\$ 12,552,327
Restricted Assets	-	-	2,355,965	2,238,484	2,355,965	2,238,484
Capital Assets	8,852,195	7,985,963	56,608,175	58,410,337	65,460,370	66,396,300
Total Assets	15,998,687	15,413,784	64,449,147	65,773,327	80,447,834	81,187,111
Deferred Outflows of Resources:						
Deferred Amount on Refunding	-	-	5,358,740	5,468,777	5,358,740	5,468,777
Deferred Outflows -						
Related to Pensions	2,688,278	4,016,541	752,362	856,823	3,440,640	4,873,364
Total Deferred Outflows of Resources	2,688,278	4,016,541	6,111,102	6,325,600	8,799,380	10,342,141
Liabilities:						
Current Liabilities	1,310,346	1,759,078	3,499,006	3,276,149	4,809,352	5,035,227
Long-Term Liabilities	10,285,962	12,090,418	53,594,300	55,392,765	63,880,262	67,483,183
Total Liabilities	11,596,308	13,849,496	57,093,306	58,668,914	68,689,614	72,518,410
Deferred Inflows of Resources:						
Deferred Inflows -						
Related to Pensions	1,437,813	1,126,899	210,076	148,209	1,647,889	1,275,108
Net Position:						
Net Investment in						
Capital Assets	8,852,195	7,894,411	10,489,376	10,709,842	19,341,571	18,604,253
Restricted	1,161,182	1,110,623	-	-	1,161,182	1,110,623
Unrestricted (Deficit)	(4,360,533)	(4,551,104)	2,767,491	2,571,962	(1,593,042)	(1,979,142)
Total Net Position	\$ 5,652,844	\$ 4,453,930	\$ 13,256,867	\$ 13,281,804	\$ 18,909,711	\$ 17,735,734

For more detailed information see Exhibit A-1, the Statement of Net Position.



By far the largest portion of the City of Denham Springs's net position, \$19,341,571, reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment, less any related debt used to acquire those assets that is still outstanding). The City of Denham Springs uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Denham Springs's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City of Denham Springs' net position, 6 percent or \$1,161,182, represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$1,593,042) represents unrestricted (deficit) net position. The City's overall negative balance in unrestricted net position was caused by the implementation of GASB 68 in the year ended June 30, 2015. With the GASB 68 reporting change, the City recorded its proportionate share of retirement liabilities for the plans it participates in. The plans are The Firefighters' Retirement System, Municipal Police Employees' Retirement System, Municipal Employees' Retirement System of Louisiana, and Louisiana State Employees' Retirement System.

The City's net position increased by \$1,173,977 during the current fiscal year as compared to 2017's increase of \$1,483,449. Attributable to this increase is an increase in net investment in capital assets of \$737,318, an increase in restricted net position of \$50,559, and an increase in unrestricted net position of \$386,100. Key to the increase in unrestricted net position in the governmental activities is investment in streets, drainage, and sidewalks. Key to the increase in unrestricted net position in the business-type activities was the decrease in capital asset additions as compared to the reduction in the net investment in capital assets caused by depreciation expense of \$2,188,022.



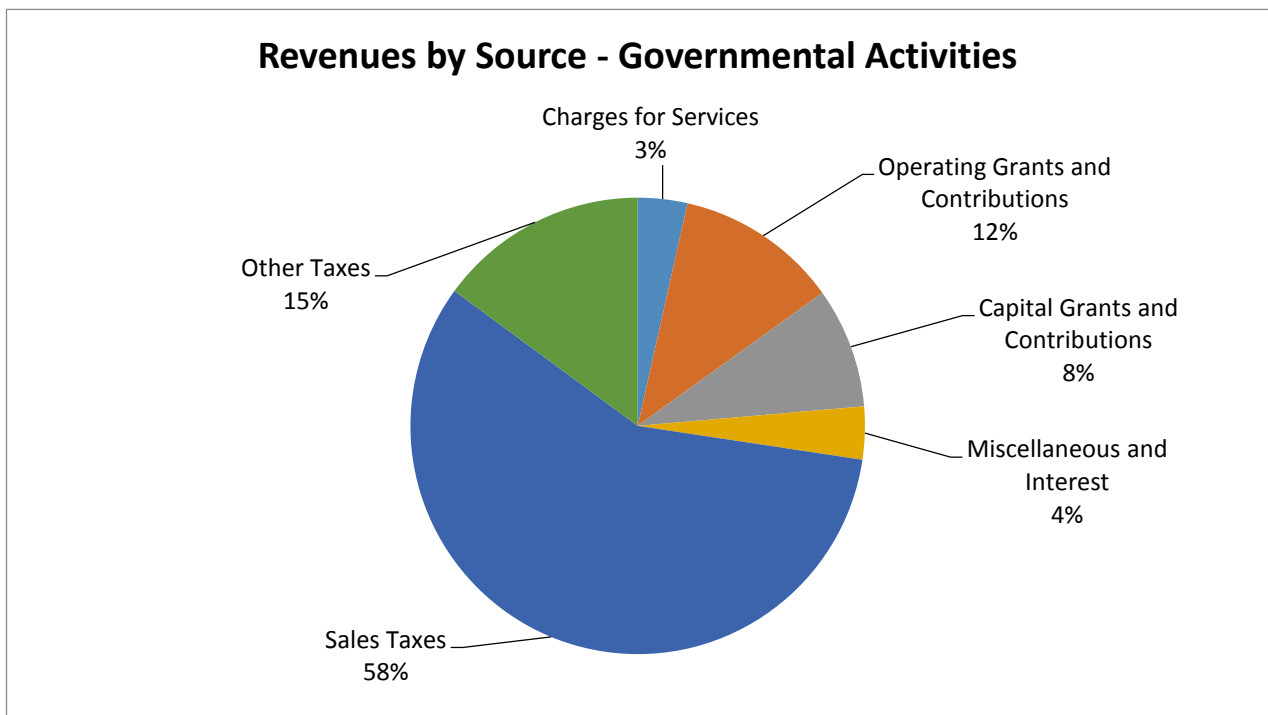
The condensed statement below provides a summary of the changes in net position for the year ended June 30, 2018, with comparative figures from 2017.

	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services	\$ 477,246	\$ 368,595	\$ 11,131,393	\$ 9,719,733	\$ 11,608,639	\$ 10,088,328
Operating Grants and Contributions	1,570,173	7,288,463	64,036	528,014	1,634,209	7,816,477
Capital Grants and Contributions	1,157,290	691,742	320,451	466,531	1,477,741	1,158,273
General Revenues:						
Sales Taxes	7,823,526	8,389,648	-	-	7,823,526	8,389,648
Other Taxes	2,024,184	1,965,385	-	-	2,024,184	1,965,385
Insurance Proceeds	-	988,916	-	279,209	-	1,268,125
Net Gain (Loss) on Disposition of Capital Assets	-	694,649	-	118,514	-	813,163
Miscellaneous	486,758	484,534	14,300	10,186	501,058	494,720
Other	20,429	12,542	14,653	17,328	35,082	29,870
Total Revenues	13,559,606	20,884,474	11,544,833	11,139,515	25,104,439	32,023,989
Expenses:						
General Government	2,437,965	2,639,793	-	-	2,437,965	2,639,793
Public Safety	6,846,372	7,144,277	-	-	6,846,372	7,144,277
Highways and Streets	2,875,109	8,776,068	-	-	2,875,109	8,776,068
Health	29,310	30,273	-	-	29,310	30,273
Culture and Recreation	171,936	133,933	-	-	171,936	133,933
Gas	-	-	2,774,190	2,304,551	2,774,190	2,304,551
Water	-	-	2,362,879	2,406,037	2,362,879	2,406,037
Sewer	-	-	5,594,398	6,192,531	5,594,398	6,192,531
Sanitation	-	-	838,303	913,077	838,303	913,077
Total Expenses	12,360,692	18,724,344	11,569,770	11,816,196	23,930,462	30,540,540
Increase (Decrease) in Net Position	1,198,914	2,160,130	(24,937)	(676,681)	1,173,977	1,483,449
Net Position - Beginning of Year	4,453,930	2,293,800	13,281,804	13,958,485	17,735,734	16,252,285
Net Position - End of Year	\$ 5,652,844	\$ 4,453,930	\$ 13,256,867	\$ 13,281,804	\$ 18,909,711	\$ 17,735,734

**Governmental activities.** Governmental activities increased the City of Denham Springs's net position by \$1,198,914. Key elements of this net increase are documented below.

Total revenues from Governmental activities decreased by \$7,324,868 over the prior year caused mainly by the following:

- Sales taxes decreased by 6.7% or \$566,122 during the fiscal year. These decreases are primarily attributable to an increase in post flood sales during the prior year that has since returned to a more normal level.
- Charges for services increased \$108,651 during the fiscal year. This is largely attributable to an increase in fines collected.
- Operating grants and contributions decreased \$5,718,290 during the fiscal year. This net decrease is mainly attributable to a decrease FEMA funds received of \$5,569,443 as compared to the prior year which mostly related to the debris cleanup and overtime worked in response to the August 2016 flood under General Government.
- Capital Grants and Contributions increased by \$465,548. This is mainly attributable to reimbursement for road projects related to the state's cost share.
- Other decreases: Gain on Disposition of Assets decreased \$694,649 and Insurance proceeds received decreased \$988,916, again caused by the 2016 flood.



Total expenses from Governmental Activities decreased by \$6,363,652 primarily due to the following reasons:

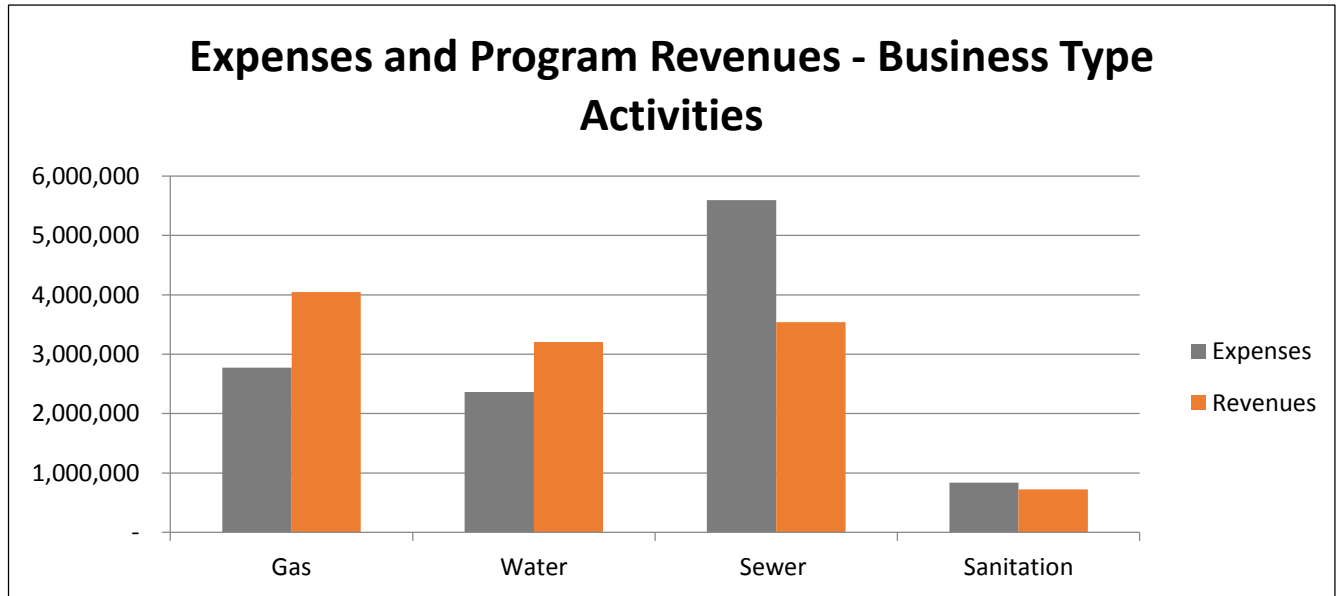
- Total salaries charged to governmental activities remain level, only increasing from \$5,113,290 to \$5,113,973 for a net increase of \$683 or less than 1%.
- Related payroll taxes and employee benefits charged to governmental activities decreased from \$2,715,955 to \$2,442,001 for a net decrease of \$273,954 largely due to the change in pension expense related to the GASB 68 adjustments to the net pension liability.

- General Government, other than salaries and benefits, decreased approximately \$278,000. The decrease is related to a reduction in flood expenses incurred (\$345,948) related to the August 2016 flood.
- Public Safety activities other than salaries and benefits decreased approximately \$76,000. The decrease is related to a reduction in flood expenses related to the August 2016 flood of \$18,480 in the Police department and \$46,269 in the Fire department.
- Highways and Streets activities not related to payroll and benefits decreased approximately \$5,918,000. Approximately \$6,348,000 of the decrease is related to flood debris pickup and monitoring and other flood related expenses incurred in the prior year. There was an increase of approximately \$519,000 related to work on streets and sidewalks not owned by the City and not capitalized.
- Culture and Recreation activities not related to payroll and benefits increased approximately \$44,000. This increase is mainly attributable to an increase of \$20,994 in repair and maintenance expenses at the parks and an increase in professional fees for a historic preservation study on various buildings throughout the city.
- Depreciation expense for Governmental Activities increased by approximately \$114,774.

**Business-type activities.** Business-type activities reduced the City of Denham Springs's net position by \$24,937. Key elements to this net decrease are documented below.

- Overall charges for services for business-type activities increased \$1,411,660 compared to the prior fiscal year. Gas charges for services increased \$1,079,158, water charges for services increased \$171,431, and sewer charges for services increased \$161,050. Sanitation charges for services increased slightly by \$21. Key to the increases are customers returning to their homes after rebuilding after the August 2016 flood. Additionally, a portion of the increase in Gas charges was related to an increase in consumption which was directly related to a colder winter than the prior year. Fuel costs billed varies from year to year based on price and volume purchased.
- Business-type activities expenses decreased \$246,426.
  - Gas Department expenses increased \$469,639 compared to the prior fiscal year. This increase was primarily attributable to an increase of \$322,693 in the amounts paid for natural gas sold to consumers. This was a result of a higher gas consumption by the users. Additionally the Gas department saw increases in maintenance costs of \$94,803, meter reading costs of \$9,202, and loss on disposal of capital assets of \$108,030. To offset these increases there was a decrease in direct labor costs of \$40,674, taxes and benefits of \$22,284, flood expenses of \$10,337, and bad debt of \$16,353.
  - Water Department expenses decreased \$43,158 compared to the prior fiscal year. Decreases in direct labor costs of \$11,222, equipment expenses of \$12,363, bond interest and issue costs of \$21,494, and flood expenses related to the August 2016 flood of \$33,407 were offset by increases in maintenance costs of \$46,587.
  - Sewer Department expenses decreased \$598,133 compared to the prior fiscal year. This decrease was primarily attributable decreases of \$507,931 in flood expenses, \$40,672 in professional fees, and a net decrease of approximately \$311,000 related to interest expense and bond issuance expense offset by increases in repairs and maintenance of \$149,094 and increases in utilities and equipment expense of \$66,444.
  - Sanitation Department expenses decreased \$74,774 compared to the prior fiscal year. This was the result of a reduction in sub-contractor costs.

- Business-type program revenues – operating grants and contributions decreased \$463,978 largely related to grants received from FEMA in the previous year related to overtime and emergency repairs needed during and immediately subsequent to the August 2016 flooding event.
- Business-type program revenues – capital grants and contributions decreased \$146,080. The decrease is attributable to a decrease in sewer impact fees collected mainly for development Juban Crossing. The City provides sewer collections services for Juban Crossing.



### Financial Analysis of the Government's Funds

As noted earlier, the City of Denham Springs uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City of Denham Springs's *governmental funds* is to provide information on near-term inflow, and balances of *spendable* resources. Such information is useful in assessing the City of Denham Springs's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Denham Springs's governmental funds reported combined ending fund balances of \$5,864,441, an increase of \$119,490 in comparison with the prior fiscal year. In accordance with GASB #54, the governmental fund reporting includes classifications for Nonspendable, Restricted For, Committed To, Assigned To, and Unassigned. Approximately 74% of this total amount, \$4,341,799, constitutes unassigned fund balance, which is available for spending at the government's discretion. Nonspendable fund balance is \$1,195,411 or 20%. 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 City Nonspendable classification meet both (a) and (b). Prepaid Insurance meets Nonspendable (a) and Permanent Fund Principal meets Nonspendable (b). Permanent Fund Principal is established to generate income to pay for the perpetual care of the municipal cemetery. Restricted fund balances are restricted to specific purposes (witness fees and Lakeland Acres Subdivision 1994 paving certificates debt service). Restricted fund balances are \$166,084 or 3%. Assigned fund balance is constrained by the City Council's intent to be used for specific purposes, but are

neither restricted nor committed, except for stabilization arrangements. Assigned to Capital Projects ended the fiscal year with a fund balance of \$161,147 or 3%. The City does not have any Governmental Fund “Committed To” fund balances for this fiscal year ended. Committed To amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Committed to amounts are established by authorization specifying the purposes of which the amount can be used (for example legislation, resolution, ordinance). The authorization specifying the purposes for which amounts can be used should have the consent of both the City Council and Mayor.

The general fund is the chief operating fund of the City of Denham Springs. At the end of the current fiscal year total general fund balance is \$4,542,112. General fund balance has two classifications in accordance with GASB #54. Nonspendable - prepaid insurance fund balance of \$200,313 or 4%, and Unassigned fund balance of \$4,341,799 or 96%. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 36 percent of total general fund expenditures. Total fund balance represents 37 percent of total general fund expenditures

During the current fiscal year, the fund balance of the City of Denham Springs’ general fund increased by \$69,141, as compared to the prior fiscal year net increase in fund balance of \$2,028,315. Key factors in this increase are as follows:

- General fund revenue resulted in a net decrease of \$8,413,538 compared to the prior fiscal year. Key factors to this net decrease are:
  - Decrease in net tax revenues of \$520,703. This decrease is mostly attributable to a decrease in sales taxes of \$566,122 offset by increases in franchise taxes of \$30,826 and ad valorem taxes of \$14,243.
  - Increase in licenses and permits of \$13,730, mostly related to an increase in occupational licenses.
  - Increase in fines and forfeits of \$96,989 compared to prior fiscal year amount. This increase is attributable to an increase in police fines.
  - Increase in interest income of \$8,437.
  - Increase in fees of \$2,978.
  - Decrease in intergovernmental revenue of \$5,529,072, primarily related to grants received from FEMA in the previous year related to the August 2016 flooding event.
  - Decrease in miscellaneous revenue of \$430,646 related primarily to donations for public safety of \$366,370 received in the prior year to assist with animal shelter recovery operations.
  - Decrease in other financing sources of \$2,055,251 related to insurance proceeds received on disposal of assets and other damages related to the August 2016 flooding event.
- Key to future revenue growth will be economic stability of Livingston Parish and the southeastern portion of the State of Louisiana.
- General fund expenditures resulted in a net decrease of \$6,454,364 compared to the prior fiscal year. Key factors in this net decrease are:
  - General government expenditures decreased by \$257,780 or 10%. This decrease was comprised primarily of a reduction in flood expenses of \$345,948 offset by increases in building rental of \$83,802.
  - Public Safety expenditures decreased \$158,678 or 2%. Included in the decreases is a reduction in flood expenses of \$64,749 and equipment purchases for the police department

of \$290,330. Offsetting the decreases are increases in equipment purchases by the Animal Shelter of \$37,351 and Fire Department of \$172,849.

- Highways and Street expenditures decreased \$6,205,816 or 74%. The decrease is related to debris pickup costs incurred in the prior year related to the August 2016 flood.
- Culture and Recreation activities increased \$36,943. The increase is primarily due to an increase in park maintenance costs of \$20,994 and professional fees of \$16,500 related to fees paid for a historic preservation study.
- Other Financing Uses increase of \$131,930 related to an operating transfer out to the Capital Projects fund.
- Pension and other postemployment benefits – Substantially all employees of the City of Denham Springs are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana (MERS), Municipal Police Employees Retirement System of Louisiana (MPERS), or Firefighters Retirement System of Louisiana. These systems are multiple employer (cost-sharing), public employee retirement systems (PERS), controlled and administered by separate State appointed board of trustees.
- Additional information on the City of Denham Springs' pension arrangements and post-employment benefits can be found in Notes 11 and 12 in the notes to the financial statements.
- Of concern is the related retirement benefit enjoyed by City employees. The City continues to monitor the State administered retirement system employer rates. For this fiscal period the rate for all plans the City participates in are as follows:

	<u>Prior Employer Rate</u>	<u>Current Employer Rate</u>	<u>Rate Increase</u>
Municipal Employees' Retirement System of Louisiana	11.00%	13.25%	2.250%
Municipal Police Employees' Retirement System of Louisiana	31.75%	30.75%	(1.00%)
Firefighters' Retirement System of Louisiana	25.25%	26.50%	1.25%

Overall retirement contributions increased \$74,835 for the fiscal year ended June 30, 2018. The net decreases break down as follows:

	<u>FY 16-17</u>	<u>FY 17-18</u>	<u>Increase (Decrease)</u>
Municipal Employees' Retirement System of Louisiana	\$ 354,864	\$ 419,393	\$ 64,529
Municipal Police Employees' Retirement System	498,418	505,310	6,892
Firefighters' Retirement System of Louisiana	<u>323,419</u>	<u>326,833</u>	<u>3,414</u>
Total	<u>\$1,176,701</u>	<u>\$1,251,536</u>	<u>\$ 74,835</u>

Permanent Fund has a total nonspendable – permanent fund principal fund balance of \$995,098, compared to the prior year nonspendable – permanent fund principal balance of \$948,401. This is the Cemetery Care Permanent Fund used to account for principal trust amounts received and related interest income. The interest income portion of the trust can be used to maintain the City's cemetery.

Special revenue fund – witness fee fund has a restricted fund balance of \$162,815, compared to a prior year restricted fund balance of \$158,953. This fund is used to account for the cost of court appearances by police officers at the City Court of Denham Springs – Ward II to provide testimony.

**Proprietary funds.** The City of Denham Springs’ proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

In the Utility Enterprise fund, charges for services increased \$1,323,949. Attributable to this net increase are increases in charges for gas services of \$1,079,158, charges for water services of \$171,431, charges for sewer services of \$73,339, and charges for sanitation services of \$21.

Operating expenses increased \$117,148. This increase is primarily attributable to an increase in natural gas purchased of \$322,693 offset by a decrease of \$64,711 in bad debts and a decrease of \$145,406 in personnel and benefits costs.

Unrestricted Net Position of the Utility Enterprise Fund at the end of the year amounted to \$10,177,319. The factors concerning the enterprise fund have already been addressed in the discussion of the City of Denham Springs’ business-type activities.

The Denham Springs Sewerage District No. 1 (DSSD #1) unrestricted net position - (deficit) at the end of the year amounted to (\$7,409,828), compared to unrestricted net position - (deficit) for the prior fiscal year of (\$6,040,251). Net investment in capital assets is \$2,549,271. Sewer operations generated a decrease in net position of \$693,839. As of June 30, 2018 the DSSD #1 was billing 2,307 customers and the average bill was \$37.58 per month per customer. The Denham Springs Sewerage District No.1 owed \$7,061,453 to the City of Denham Springs Utility Fund as of June 30, 2018. This amount represents cash transfers in support of DSSD #1 debt sinking payments and operational costs. Of concern, the assumptions for financing the Denham Springs Sewerage District No. 1 are based on an initial customer count of 2,701 and the average charge being \$37.55 per month to pay the debt service and estimated operational cost. Recommended is the Denham Springs Sewerage District No. 1 rate structure be increased to meet debt service and operational cost.

### **General Fund Budgetary Highlights**

Major differences between the original budget and the final amended budget of the General Fund are briefly summarized as follows:

Revenues:

Total final budgeted revenues decreased by \$1,677,934 over the original budget. Key to this increase is:

- A decrease in FEMA Disaster Grants of \$1,869,159.
- Sales tax revenue increased by \$300,000.
- Decreases in electrical franchise taxes by \$25,000, gaming taxes by \$25,000 and cable TV franchise taxes by \$10,000.
- An increase in miscellaneous revenue budget of \$79,500 mostly related to an increase in our LWCC premium rebate and donations for the animal shelter.
- Fines and forfeits revenue budget decreased \$99,500 related to lower than anticipated police fines.

## Expenditures:

Total budgeted appropriations were decreased by \$2,534,946. The largest decreases were flood recovery related in General Government. These budgeted decreases are related to the relocation of City Hall. The scope of the project was not completed prior to the end of year and was moved to the 2019 budget year.

## Other Financing (Uses):

The budget was decreased for operating transfers out to Capital Projects Fund of \$13,070 for general fund infrastructure improvements.

## Capital Asset and Debt Administration

**Capital assets.** The City of Denham Springs' investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounts to \$65,460,370 (net of accumulated depreciation). This investment in capital assets includes land, servitudes acquisition cost, buildings and systems, improvements, machinery and equipment, roads, highways, and drainage.

Major capital asset events during the current fiscal year included the following governmental activities:

- A boom mower for the street department, 7 police units, 2 used fire pumpers, and an air compressor system for the fire department were purchased.
- Completed during the year were repaving projects for Martin Luther King, Jr. Street and Maple Street at final costs of \$471,391 and \$636,133, respectively. The City has agreed to pay design costs and 20% of the construction costs. LA DOTD will fund the remaining 80% of the construction costs.
- Ongoing are repaving projects for Julia Street. This project will also be funded at 80% by the state with the City being responsible for the design costs and remaining 20% cost. To date the city has paid \$448,637 for Julia Street design and construction costs.

Major capital asset events during the current fiscal year included the following business-type activities:

- The following is a list of completed projects placed in service during the current fiscal year:
  - Gas system expansions totaling \$89,717 and improvements to regulator station of \$69,725.
  - Rushing Road control panel improvements of \$115,086.
  - Wastewater treatment plant control room improvements of \$215,386.



City of Denham Springs  
Capital Assets  
(Net of Accumulated Depreciation)  
June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land and Right-of-Ways	\$ 1,314,460	\$ 1,314,460	\$ 4,285,343	\$ 4,285,343	\$ 5,599,803	\$ 5,599,803
Buildings and Improvements	1,904,344	1,906,125	274,384	286,161	2,178,728	2,192,286
Gas System	-	-	1,643,177	1,616,766	1,643,177	1,616,766
Water System	-	-	8,529,880	8,894,128	8,529,880	8,894,128
Sewer System	-	-	41,604,085	42,964,787	41,604,085	42,964,787
Machinery and Equipment	2,187,805	1,681,859	271,306	315,267	2,459,111	1,997,126
Infrastructure	2,996,949	2,243,519	-	-	2,996,949	2,243,519
Construction in Progress	448,637	750,000	-	47,885	448,637	797,885
Total	\$ 8,852,195	\$ 7,895,963	\$ 56,608,175	\$ 58,410,337	\$ 65,460,370	\$ 66,306,300

Additional information on the City of Denham Springs' capital assets can be found in note 8 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Denham Springs had total debt outstanding of \$53,169,292. This debt is secured by utility service charges and lawfully available funds. There are no general obligation bonds outstanding by the City of Denham Springs at June 30, 2018.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Obligations Under						
Capital Leases	\$ -	\$ 1,552	\$ -	\$ 16,754	\$ -	\$ 18,306
Revenue Bonds	-	-	53,169,292	54,782,954	53,169,292	54,782,954
Total	\$ -	\$ 1,552	\$ 53,169,292	\$ 54,799,708	\$ 53,169,292	\$ 54,801,260

Additional information on the City's long-term debt can be found in note 9 of this report.

### Economic Factors and Next Year's Budgets and Rates

- The revised June 2018 unemployment rate for the City of Denham Springs was 5.0 percent, which is slightly higher than the revised rate of 4.9 percent a year ago. This compares unfavorably to both the state's revised average unemployment rate of 4.7 percent and compares unfavorably to the revised national average rate of 4.0 percent.
- The occupancy rate of the City's central business district has remained from 97-100 percent for the past several years.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Denham Springs' budget for the 2018 fiscal year. Current fiscal year end June 30, 2018 unassigned fund balance in the general fund is \$4,341,799. The City adopted a 2019 fiscal year general fund budget setting anticipated revenue of \$14,847,149 and anticipated appropriation expenditures of \$15,149,464 thereby anticipating a net loss of \$302,315.

Budgeted general fund revenues anticipate a net increase of \$1,962,733 compared to the FYE 2018 amended adopted budget. The variances in the budgeted revenues are due to FEMA grants related to the August 2016 flood event to be received for ongoing recovery efforts.

Budgeted general fund expenditures anticipate a net increase of \$791,262 compared to the FYE 2018 amended adopted budget. The variance in the expenditures are related to flood recovery related to the August 2016 flood.

From August 11, 2016 through August 15, 2016, areas of South Louisiana experienced record-breaking rainfall resulting in significant flooding in certain areas. The City of Denham Springs and surrounding areas incurred damages as a result of the flooding. Several City properties including City Hall flooded during this event. The City is currently leasing a building in downtown Denham Springs for City Hall. Based upon preliminary analysis, management does not anticipate any material adverse effect on the City's operations. However, until the full consequences of this flood event are realized, there is uncertainty of the effect, if any, that this event may have on the City's future revenue sources as well as rebuilding of the affected location.

This financial report is designed to provide a general overview of the City of Denham Springs' finances for all those with an interest in the government's finances. Questions concerning any of this information provided in this report or requests for additional information should be addressed to the City Treasurer, c/o City of Denham Springs, P.O. Box 1629, Denham Springs, Louisiana 70727-1629.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF DENHAM SPRINGS**  
**STATEMENT OF NET POSITION (DEFICIT)**

JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,371,042	\$ 3,916,111	\$ 8,287,153
Investments	-	-	-
Receivables, Net	151,393	921,195	1,072,588
Due from Other Governments	2,351,098	218,678	2,569,776
Due from Component Unit	55,282	-	55,282
Inventories	17,364	311,550	328,914
Prepaid Items	200,313	117,473	317,786
Restricted Assets:			
Cash	-	2,355,965	2,355,965
Receivable	-	-	-
Due from Other Governments	-	-	-
Capital Assets:			
Land and Construction in Progress	1,763,097	4,285,343	6,048,440
Other Capital Assets, Net of Depreciation	7,089,098	52,322,832	59,411,930
Net Pension Asset	-	-	-
Total Assets	15,998,687	64,449,147	80,447,834
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Refunding	-	5,358,740	5,358,740
Deferred Outflows - Related to Pensions	2,688,278	752,362	3,440,640
Total Deferred Outflows of Resources	2,688,278	6,111,102	8,799,380
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	1,098,738	1,750,898	2,849,636
Due to Primary Government	-	-	-
Non-Current Liabilities:			
Due Within One Year	211,608	1,748,108	1,959,716
Due in More Than One Year	634,828	51,646,606	52,281,434
Net Pension Liability	9,651,134	1,947,694	11,598,828
Total Liabilities	11,596,308	57,093,306	68,689,614
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows - Related to Pensions	1,437,813	210,076	1,647,889
<b>NET POSITION (DEFICIT)</b>			
Net Investment in Capital Assets	8,852,195	10,489,376	19,341,571
Restricted for:			
Cemetery Care:			
Nonexpendable	995,098	-	995,098
Civil Fees	-	-	-
Witness Fees	162,815	-	162,815
Other	3,269	-	3,269
Unrestricted (Deficit)	(4,360,533)	2,767,491	(1,593,042)
Total Net Position (Deficit)	\$ 5,652,844	\$ 13,256,867	\$ 18,909,711

The accompanying notes are an integral part of this statement.

Exhibit A-1

Component Units			
City Court of Denham Springs - Ward II	Marshal of City Court of Denham Springs - Ward II	Denham Springs Economic Development District	Springs at Riverside Landing Economic Development District
\$ 173,145	\$ 89,192	\$ -	\$ -
-	30,000	-	-
48	3,035	8,316	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	4,539,470	-
-	-	611	-
-	-	1,196,027	-
-	-	7,303,750	-
128,906	25,901	23,675,336	-
35,183	18,036	-	-
337,282	166,164	36,723,510	-
-	-	645,241	-
86,842	19,810	-	-
86,842	19,810	645,241	-
14,652	22,131	162,128	-
-	19,507	-	35,775
4,730	11,582	3,875,000	-
-	6,665	17,640,000	-
268,883	-	-	-
288,265	59,885	21,677,128	35,775
68,536	30,960	-	-
128,906	25,901	16,793,069	-
-	-	-	-
60,504	-	-	-
-	-	-	-
-	-	-	-
(122,087)	69,228	(1,101,446)	(35,775)
\$ 67,323	\$ 95,129	\$ 15,691,623	\$ (35,775)

# CITY OF DENHAM SPRINGS

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 2,437,965	\$ -	\$ 20,679	\$ -
Public Safety	6,846,372	465,411	718,613	331,040
Highways and Streets	2,875,109	11,835	808,858	826,250
Health	29,310	-	-	-
Culture and Recreation	171,936	-	22,023	-
Total Governmental Activities	12,360,692	477,246	1,570,173	1,157,290
Business-Type Activities:				
Gas	2,774,190	4,027,218	18,634	-
Water	2,362,879	3,187,169	19,342	-
Sewer	5,594,398	3,194,199	26,060	320,451
Sanitation	838,303	722,807	-	-
Total Business-Type Activities	11,569,770	11,131,393	64,036	320,451
Total Primary Government	<u>\$ 23,930,462</u>	<u>\$ 11,608,639</u>	<u>\$ 1,634,209</u>	<u>\$ 1,477,741</u>
<b>Component Units:</b>				
City Court of Denham Springs - Ward II	\$ 644,062	\$ 486,415	\$ 25,025	\$ 89,077
Marshal of City Court of Denham Springs - Ward II	495,453	276,126	84,851	-
Denham Springs Economic Development District	2,227,917	57,168	-	-
Springs at Riverside Landing Economic Development District	-	-	-	-
Total Component Units	<u>\$ 3,367,432</u>	<u>\$ 819,709</u>	<u>\$ 109,876</u>	<u>\$ 89,077</u>
General Revenues:				
Taxes:				
Property				
Sales				
Occupational and Permits				
Franchise				
Miscellaneous				
Interest Income				
Payments from the City of Denham Springs				
Total General Revenues				
Change in Net Position				
Net Position (Deficit) - Beginning of Year				
Net Position (Deficit) - End of Year				

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position						
Primary Government			Component Units			
			City Court of Denham Springs - Ward II	Marshal of City Court of Denham Springs - Ward II	Denham Springs Economic Development District	Springs at Riverside Landing Economic Development District
Governmental Activities	Business-Type Activities	Total				
\$ (2,417,286)	\$ -	\$ (2,417,286)	\$ -	\$ -	\$ -	\$ -
(5,331,308)	-	(5,331,308)	-	-	-	-
(1,228,166)	-	(1,228,166)	-	-	-	-
(29,310)	-	(29,310)	-	-	-	-
(149,913)	-	(149,913)	-	-	-	-
(9,155,983)	-	(9,155,983)	-	-	-	-
-	1,271,662	1,271,662	-	-	-	-
-	843,632	843,632	-	-	-	-
-	(2,053,688)	(2,053,688)	-	-	-	-
-	(115,496)	(115,496)	-	-	-	-
-	(53,890)	(53,890)	-	-	-	-
(9,155,983)	(53,890)	(9,209,873)	-	-	-	-
-	-	-	(43,545)	-	-	-
-	-	-	-	(134,476)	-	-
-	-	-	-	-	(2,170,749)	-
-	-	-	-	-	-	-
-	-	-	(43,545)	(134,476)	(2,170,749)	-
289,607	-	289,607	-	-	-	-
7,823,526	-	7,823,526	-	-	6,147,154	-
1,055,098	-	1,055,098	-	-	-	-
679,479	-	679,479	-	-	-	-
486,758	14,300	501,058	14,689	13,139	-	-
20,429	14,653	35,082	268	98	37,378	-
-	-	-	46,864	196,140	-	-
10,354,897	28,953	10,383,850	61,821	209,377	6,184,532	-
1,198,914	(24,937)	1,173,977	18,276	74,901	4,013,783	-
4,453,930	13,281,804	17,735,734	49,047	20,228	11,677,840	(35,775)
\$ 5,652,844	\$ 13,256,867	\$ 18,909,711	\$ 67,323	\$ 95,129	\$ 15,691,623	\$ (35,775)

## CITY OF DENHAM SPRINGS

BALANCE SHEET  
GOVERNMENTAL FUNDS

JUNE 30, 2018

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,873,929	\$ 162,150	\$ 1,161,257	\$ 4,197,336
Receivables:				
Ad Valorem Taxes, Net	5,350	-	-	5,350
Other	145,743	-	300	146,043
Due from Other Governments	1,797,800	553,298	-	2,351,098
Due from Component Units	55,282	-	-	55,282
Prepaid Insurance	200,313	-	-	200,313
Total Assets	<u>\$ 5,078,417</u>	<u>\$ 715,448</u>	<u>\$ 1,161,557</u>	<u>\$ 6,955,422</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 371,802	\$ 554,301	\$ 375	\$ 926,478
Retirement and Group Insurance Payable	119,749	-	-	119,749
Accrued Salaries and Wages	44,754	-	-	44,754
Total Liabilities	536,305	554,301	375	1,090,981
<b>FUND BALANCES</b>				
Fund Balances:				
Nonspendable:				
Prepaid Insurance	200,313	-	-	200,313
Permanent Fund Principal	-	-	995,098	995,098
Restricted For:				
Witness Fees	-	-	162,815	162,815
Other Purposes	-	-	3,269	3,269
Assigned To:				
Capital Projects	-	161,147	-	161,147
Unassigned	4,341,799	-	-	4,341,799
Total Fund Balances	<u>4,542,112</u>	<u>161,147</u>	<u>1,161,182</u>	<u>5,864,441</u>
Total Liabilities and Fund Balances	<u>\$ 5,078,417</u>	<u>\$ 715,448</u>	<u>\$ 1,161,557</u>	<u>\$ 6,955,422</u>

The accompanying notes are an integral part of this statement.



## CITY OF DENHAM SPRINGS

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2018

Fund Balances-Total Governmental Funds		\$ 5,864,441
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 are not Reported in the Governmental Funds		
Governmental Capital Assets	20,111,598	
Less Accumulated Depreciation	<u>(11,280,874)</u>	8,830,724
Long-Term Liabilities are not Due and Payable in the Current Period and Therefore are not Reported in the Governmental Funds:		
Compensated Absences Payable		(824,501)
Net Pension Liability		(9,563,608)
Deferred Outflows of Resources Related to Pensions are not Reported in Governmental Funds		2,651,090
Deferred Inflows of Resources Related to Pensions are not Reported in Governmental Funds		(1,427,696)
The Motor Pool Internal Service Fund is Used by Management to Charge the Cost of Vehicle Repairs to Individual Funds. The Assets and Liabilities of the Internal Service Fund are Included in Governmental Activities in the Statement of Net Position - Motor Pool Internal Service Fund Net Position		<u>122,394</u>
Net Position of Governmental Activities		<u>\$ 5,652,844</u>

The accompanying notes are an integral part of this statement.

**CITY OF DENHAM SPRINGS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2018

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 8,958,286	\$ -	\$ -	\$ 8,958,286
Licenses and Permits	1,055,098	-	-	1,055,098
Fines and Forfeits	422,245	-	-	422,245
Interest	18,657	-	1,772	20,429
Fees	22,741	-	18,105	40,846
Intergovernmental	1,141,194	1,323,870	-	2,465,064
Miscellaneous	261,648	-	48,580	310,228
Total Revenues	11,879,869	1,323,870	68,457	13,272,196
<b>Expenditures:</b>				
Current:				
General Government	2,306,526	-	17,898	2,324,424
Public Safety	7,090,880	-	-	7,090,880
Highways and Streets	2,155,051	-	-	2,155,051
Health	29,310	-	-	29,310
Culture and Recreation	113,224	-	-	113,224
Capital Outlay:				
Highways and Streets	-	1,456,010	-	1,456,010
Total Expenditures	11,694,991	1,456,010	17,898	13,168,899
Excess (Deficiency) of Revenues over Expenditures	184,878	(132,140)	50,559	103,297
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	131,930	-	131,930
Transfers Out	(131,930)	-	-	(131,930)
Proceeds from Disposition of Assets	16,193	-	-	16,193
Total Other Financing Sources (Uses)	(115,737)	131,930	-	16,193
Net Change in Fund Balances	69,141	(210)	50,559	119,490
<b>Fund Balances at Beginning of Year</b>	4,472,971	161,357	1,110,623	5,744,951
<b>Fund Balances at End of Year</b>	\$ 4,542,112	\$ 161,147	\$ 1,161,182	\$ 5,864,441

The accompanying notes are an integral part of this statement.

## CITY OF DENHAM SPRINGS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

Net Change in Fund Balances - Total Governmental Funds	\$ 119,490
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Governmental Funds Report Capital Outlays as Expenditures. However, in the Statement of Activities, the Cost of Those Assets is Allocated Over their Estimated Useful Lives and Reported as Depreciation Expense.	
Capital Outlay	1,734,970
Depreciation Expense	<u>(734,152)</u>
	1,000,818
In the Statement of Activities, Only the Gain on the Sale of Capital Assets is reported. However, in the Governmental Funds, the Proceeds from the Sale Increase Financial Resources. Thus, the Change in Net Position Differs from the Change in the Fund Balance by the Cost of the Capital Assets Sold.	
Add Accumulated Depreciation on Capital Assets Retired	289,721
Less Cost Basis of Capital Assets Retired During the Year	(329,630)
Some Expenses Reported in the Statement of Activities do not Require the use of Current Financial Resources and are not Reported as Expenditures in Governmental Funds.	
(Increase) Decrease in Compensated Absences Payable	13,795
(Increase) Decrease in Pension Expense	(130,675)
Proportionate Share of Non-employer Contributions to the Pension Plans do not Provide Current Financial Resources and, Therefore, are not reported as Revenues in the Governmental Funds.	287,411
Internal Service Funds are Used by Management to Charge the Costs of Certain Activities to Individual Funds. The Net Revenue (Expense) of the Internal Service Fund is Reported with Governmental Activities.	<u>(52,016)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,198,914</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF DENHAM SPRINGS**  
**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
<b>Taxes:</b>				
Ad Valorem Taxes	\$ 289,000	\$ 289,000	\$ 289,607	\$ 607
Alcoholic Beverage Tax	30,000	35,000	41,624	6,624
Cable TV Franchise Tax	125,000	115,000	142,559	27,559
Chain Store Tax	22,000	22,000	22,553	553
Charitable Gaming Tax	120,000	95,000	101,497	6,497
Electrical Franchise Taxes	575,000	550,000	535,305	(14,695)
Sales Taxes	7,400,000	7,700,000	7,823,526	123,526
Wrecker Franchise Tax	1,650	1,650	1,615	(35)
	<u>8,562,650</u>	<u>8,807,650</u>	<u>8,958,286</u>	<u>150,636</u>
<b>Licenses and Permits:</b>				
Occupational Licenses	910,000	900,000	913,141	13,141
Other Permits and Licenses	120,850	128,075	141,957	13,882
	<u>1,030,850</u>	<u>1,028,075</u>	<u>1,055,098</u>	<u>27,023</u>
<b>Fines and Forfeits:</b>				
Ward II Court	504,500	389,500	406,777	17,277
Forfeiture Funds	-	15,500	15,468	(32)
	<u>504,500</u>	<u>405,000</u>	<u>422,245</u>	<u>17,245</u>
<b>Interest Income</b>	8,000	8,000	18,657	10,657
<b>Fees:</b>				
Animal Adoption Fees	5,000	11,000	10,906	(94)
Road Maintenance Fees	12,850	12,850	11,835	(1,015)
	<u>17,850</u>	<u>23,850</u>	<u>22,741</u>	<u>(1,109)</u>

(CONTINUED)

**CITY OF DENHAM SPRINGS**  
**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Intergovernmental:</b>				
Federal Government:				
FEMA Disaster Grants	2,105,000	235,841	688,052	452,211
State Government:				
Fire Insurance Commissions	43,000	43,000	49,492	6,492
Law Enforcement Grants	45,000	20,000	21,345	1,345
On Behalf Payments for Salaries	354,000	342,000	340,536	(1,464)
Other Grant Revenue	-	-	902	902
Livingston Parish School Board				
School Resource Officer	40,866	40,866	40,867	1
	<u>2,587,866</u>	<u>681,707</u>	<u>1,141,194</u>	<u>459,487</u>
<b>Miscellaneous:</b>				
Insurance Premium Rebate	100,000	167,000	167,130	130
Royalties	200	400	274	(126)
Wreck Reports	12,000	12,000	14,155	2,155
Rent Income	500	100	75	(25)
Miscellaneous	60,000	72,700	80,014	7,314
	<u>172,700</u>	<u>252,200</u>	<u>261,648</u>	<u>9,448</u>
<b>Total Revenues</b>	<u>12,884,416</u>	<u>11,206,482</u>	<u>11,879,869</u>	<u>673,387</u>

(CONTINUED)

(Continued)

**CITY OF DENHAM SPRINGS**  
**GENERAL FUND**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Expenditures</b>				
<b>General Government:</b>				
General Provisions:				
Salaries	464,243	465,841	458,715	7,126
Council Per Diems	60,000	60,000	60,000	-
Payroll Taxes, Retirement, and Group Insurance	182,400	185,400	185,212	188
Buildings	2,600,000	-	-	-
Chamber of Commerce	5,000	-	-	-
Equipment Purchased	220,000	4,500	6,741	(2,241)
Flood Expenses	-	108,000	127,515	(19,515)
Insurance	22,760	21,190	19,201	1,989
Legal and Professional	39,341	59,555	69,897	(10,342)
Membership Fees and Educational Training	30,000	30,000	26,345	3,655
Miscellaneous	50,245	62,409	62,732	(323)
Printing, Postage and Office Supplies	50,000	52,000	51,010	990
Rental Building	-	-	83,802	(83,802)
Rental Equipment	11,450	13,000	13,807	(807)
Repairs and Maintenance	23,500	39,643	38,363	1,280
Small Tools and Supplies	1,000	250	37	213
Telephone	45,000	45,480	44,863	617
Travel	27,000	9,500	7,476	2,024
Utilities	24,270	8,370	9,351	(981)
Total General Provisions	3,856,209	1,165,138	1,265,067	(99,929)
Cemetery:				
Contracted Services	51,300	51,300	51,300	-
Insurance	225	225	283	(58)
Legal	-	6,000	5,000	1,000
Miscellaneous	240	340	340	-
Repairs and Maintenance	2,000	3,810	3,070	740
Small Tools and Supplies	-	-	153	(153)
Total Cemetery	53,765	61,675	60,146	1,529

(CONTINUED)

**CITY OF DENHAM SPRINGS**  
**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>General Government (Continued):</b>				
Tax:				
Salaries	60,000	60,000	59,318	682
Payroll Taxes, Retirement, and Group Insurance	20,582	20,532	20,412	120
Collection Fees	122,000	124,000	127,343	(3,343)
Equipment Expense	500	-	-	-
Insurance	960	960	1,287	(327)
Legal and Professional	500	-	-	-
Miscellaneous	500	600	-	600
Printing, Postage and Office Supplies	2,500	2,000	1,461	539
Small Tools and Supplies	500	750	563	187
Tax Roll	5,000	5,000	4,966	34
Total Tax	213,042	213,842	215,350	(1,508)
Ward Court:				
Salaries	51,550	51,550	51,550	-
Payroll Taxes, Retirement, and Group Insurance	12,259	13,039	12,973	66
Additional Court Costs	25,000	15,000	19,096	(4,096)
Building Maintenance	400	4,500	4,407	93
Insurance	1,625	3,625	3,499	126
Payments to Component Units	233,071	248,071	243,250	4,821
Utilities	800	855	745	110
Total Ward Court	324,705	336,640	335,520	1,120

(CONTINUED)

**CITY OF DENHAM SPRINGS  
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>			<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<b>General Government (Continued):</b>				
Planning and Zoning:				
Salaries	238,886	223,145	231,475	(8,330)
Payroll Taxes, Retirement, and Group Insurance	96,615	85,755	86,023	(268)
Demolition Expense	5,000	-	-	-
Equipment Purchased	-	-	-	-
Flood Expenses	-	1,000	514	486
Inspections	2,500	-	-	-
Insurance	8,025	6,625	8,359	(1,734)
Legal and Professional	11,500	4,000	4,411	(411)
Membership Fees and Educational Training	7,000	24,000	24,723	(723)
Miscellaneous	6,950	6,060	6,063	(3)
Printing, Postage and Office Supplies	4,000	7,000	5,898	1,102
Repairs and Maintenance	-	275	275	-
Small Tools and Supplies	4,500	3,500	1,967	1,533
Vehicle Expense	4,500	11,500	10,335	1,165
	<u>389,476</u>	<u>372,860</u>	<u>380,043</u>	<u>(7,183)</u>
Total Planning and Zoning				
Landscaping:				
Contracted Services	49,200	49,200	50,166	(966)
Insurance	2,025	2,025	234	1,791
Miscellaneous	125	-	-	-
	<u>51,350</u>	<u>51,225</u>	<u>50,400</u>	<u>825</u>
Total Landscaping				
Total General Government	<u>4,888,547</u>	<u>2,201,380</u>	<u>2,306,526</u>	<u>(105,146)</u>

(CONTINUED)



(Continued)

**CITY OF DENHAM SPRINGS**  
**GENERAL FUND**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Public Safety:</b>				
Animal Control:				
Salaries	208,500	226,000	221,389	4,611
Payroll Taxes, Retirement, and Group Insurance	38,129	38,205	36,600	1,605
Animal Care Expense	57,556	62,500	56,975	5,525
Buildings	25,000	22,558	22,558	-
Equipment Purchased	12,000	38,854	38,151	703
Equipment Expense	6,000	6,500	4,894	1,606
Insurance	7,335	6,985	10,636	(3,651)
Miscellaneous	9,255	50,905	43,039	7,866
Small Tools and Supplies	600	4,000	3,566	434
Telephone	3,500	3,500	5,009	(1,509)
Utilities	11,860	12,360	12,481	(121)
Total Animal Control	379,735	472,367	455,298	17,069
Fire:				
Salaries	1,452,450	1,397,000	1,389,123	7,877
Payroll Taxes, Retirement, and Group Insurance	697,394	698,290	692,454	5,836
Legal and Professional	6,500	5,000	3,640	1,360
Equipment Purchased	605,500	256,249	303,622	(47,373)
Equipment Expense	79,000	50,000	54,488	(4,488)
Flood Expenses	-	130,000	52,165	77,835
Insurance	130,480	132,480	140,572	(8,092)
Membership Fees and Educational Training	29,500	14,000	10,295	3,705
Miscellaneous	6,400	5,400	6,629	(1,229)
Printing, Postage and Office Supplies	6,700	4,700	4,936	(236)
Repairs and Maintenance	36,621	36,000	34,550	1,450
Small Tools and Supplies	26,300	22,500	19,548	2,952
Telephone	32,000	12,000	20,176	(8,176)
Uniforms	11,000	6,000	5,813	187
Utilities	33,000	20,000	18,755	1,245
Total Fire	3,152,845	2,789,619	2,756,766	32,853

(CONTINUED)

**CITY OF DENHAM SPRINGS**  
**GENERAL FUND**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
<b>Public Safety (Continued):</b>				
Police:				
Salaries	1,966,250	1,949,250	1,930,942	18,308
Payroll Taxes, Retirement, and Group Insurance	1,027,575	991,960	980,492	11,468
Equipment Purchased	332,000	318,956	300,059	18,897
Equipment Expense	173,100	157,500	152,468	5,032
Equipment Rental	20,111	24,711	22,959	1,752
Flood Expenses	-	55,000	55,293	(293)
Insurance	173,630	164,630	198,781	(34,151)
Membership Fees and Educational Training	22,920	24,000	23,202	798
Miscellaneous	24,700	19,104	18,148	956
Printing, Postage and Office Supplies	13,500	13,000	13,213	(213)
Professional Fees	26,000	6,500	4,588	1,912
Repairs and Maintenance	51,725	50,725	45,995	4,730
Small Tools and Supplies	11,000	12,000	9,619	2,381
Telephone	78,000	65,000	59,744	5,256
Uniforms	43,000	35,000	32,285	2,715
Utilities	33,000	30,000	31,028	(1,028)
Total Police	3,996,511	3,917,336	3,878,816	38,520
Total Public Safety	7,529,091	7,179,322	7,090,880	88,442
<b>Highway and Streets:</b>				
Streets:				
Salaries	691,006	771,006	760,538	10,468
Payroll Taxes, Retirement, and Group Insurance	299,919	298,153	295,225	2,928
Building Improvements	-	121,480	111,698	9,782
Contract Services	120,000	268,016	266,494	1,522
Equipment Purchased	150,000	142,323	145,980	(3,657)
Equipment Expense	85,900	117,400	116,446	954

(CONTINUED)

**CITY OF DENHAM SPRINGS**  
**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
<b>Highway and Streets (Continued):</b>				
Streets:				
Equipment Rental	3,500	3,500	2,490	1,010
Flood Expenses	-	160,000	159,297	703
Insurance	63,910	73,910	81,322	(7,412)
Uniforms	18,000	15,000	14,813	187
Legal and Professional	190	1,000	855	145
Streets Maintenance and Materials	90,800	38,500	38,300	200
Membership Fees and Educational Training	300	300	234	66
Miscellaneous	10,888	22,425	15,228	7,197
Small Tools and Supplies	5,600	11,000	14,488	(3,488)
Telephone	10,988	5,000	6,428	(1,428)
Utilities	-	4,600	4,882	(282)
Total Streets	1,551,001	2,053,613	2,034,718	18,895
Lighting:				
Utilities	122,000	120,000	120,333	(333)
Total Lighting	122,000	120,000	120,333	(333)
Total Highways and Streets	1,673,001	2,173,613	2,155,051	18,562
<b>Health:</b>				
Council on Aging	14,220	11,150	20,216	(9,066)
Food Bank Contribution	1,000	1,000	-	1,000
Pest Control	10,000	10,000	9,094	906
Total Health	25,220	22,150	29,310	(7,160)

(CONTINUED)

**CITY OF DENHAM SPRINGS**  
**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Culture and Recreation:</b>				
Culture:				
Salaries	28,000	26,000	24,718	1,282
Payroll Taxes, Retirement, and Group Insurance	1,790	2,040	1,935	105
Committee Expenses	-	-	496	(496)
Insurance	2,089	44	3,361	(3,317)
Legal and Professional	-	1,425	16,500	(15,075)
Membership Fees and Educational Training	1,000	1,000	925	75
Repairs and Maintenance	22,788	16,788	15,293	1,495
Printing, Postage and Office Supplies	4,250	7,500	5,279	2,221
Telephone	3,000	5,000	4,951	49
Travel	500	1,000	695	305
Utilities	5,675	6,893	6,595	298
Total Culture	69,092	67,690	80,748	(13,058)
Parks:				
Insurance	-	-	195	(195)
Land Improvements	1,000	500	-	500
Maintenance	27,850	34,200	32,281	1,919
Total Parks	28,850	34,700	32,476	2,224
Total Culture and Recreation	97,942	102,390	113,224	(10,834)
Total Expenditures	14,213,801	11,678,855	11,694,991	(16,136)

(CONTINUED)

**CITY OF DENHAM SPRINGS**  
**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>			<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(1,329,385)	(472,373)	184,878	657,251
<b>Other Financing Sources (Uses):</b>				
Operating Transfers Out	(145,000)	(131,930)	(131,930)	-
Proceeds from Disposition of Assets	-	15,000	16,193	1,193
<b>Total Other Financing Sources (Uses)</b>	<u>(145,000)</u>	<u>(116,930)</u>	<u>(115,737)</u>	<u>1,193</u>
<b>Net Change in Fund Balance</b>	(1,474,385)	(589,303)	69,141	658,444
<b>Fund Balance at Beginning of Year</b>	<u>4,472,971</u>	<u>4,472,971</u>	<u>4,472,971</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u>\$ 2,998,586</u>	<u>\$ 3,883,668</u>	<u>\$ 4,542,112</u>	<u>\$ 658,444</u>

The accompanying notes are an integral part of this statement.

**CITY OF DENHAM SPRINGS**  
**CAPITAL PROJECTS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental:				
Federal Grants	\$ 1,647,000	\$ 1,166,649	\$ 1,096,040	\$ (70,609)
State Grants	418,000	249,052	227,830	(21,222)
Total Revenues	2,065,000	1,415,701	1,323,870	(91,831)
<b>Expenditures:</b>				
Construction Costs and Related Expenditures	2,210,000	1,547,631	1,456,010	91,621
Total Expenditures	2,210,000	1,547,631	1,456,010	91,621
Excess (Deficiency) of Revenues Over Expenditures	(145,000)	(131,930)	(132,140)	(210)
<b>Other Financing Sources:</b>				
Transfers In	145,000	131,930	131,930	-
Total Other Financing Sources	145,000	131,930	131,930	-
Net Change in Fund Balance	-	-	(210)	(210)
<b>Fund Balance at Beginning of Year</b>	161,357	161,357	161,357	-
<b>Fund Balance at End of Year</b>	<u>\$ 161,357</u>	<u>\$ 161,357</u>	<u>\$ 161,147</u>	<u>\$ (210)</u>

The accompanying notes are an integral part of this statement.

**CITY OF DENHAM SPRINGS  
PROPRIETARY FUNDS**

**STATEMENT OF NET POSITION**

JUNE 30, 2018

	Business-Type Activities -			Governmental Activities -
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	Motor Pool Internal Service Fund
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 3,422,129	\$ 493,982	\$ 3,916,111	\$ 173,706
<b>Restricted Assets:</b>				
Cash for Customer Deposits	1,176,116	-	1,176,116	-
Revenue Bond Covenant Accounts	893,665	286,184	1,179,849	-
	2,069,781	286,184	2,355,965	-
<b>Receivables:</b>				
Accounts (Net of Allowance for Uncollectible Accounts of \$305,000)	556,237	-	556,237	-
Due from Other Governments	185,556	33,122	218,678	-
Unbilled Utility Sales	364,958	-	364,958	-
	1,106,751	33,122	1,139,873	-
<b>Inventory, at Cost</b>	311,550	-	311,550	17,364
<b>Due from Other Funds</b>	7,061,453	137,147	7,198,600	-
<b>Prepaid Expenses</b>	8,638	5,106	13,744	-
Total Current Assets	13,980,302	955,541	14,935,843	191,070
<b>Noncurrent Assets:</b>				
Prepaid Items	87,510	16,219	103,729	-
<b>Capital Assets:</b>				
Land and Construction in Progress	528,808	3,756,535	4,285,343	-
Other Capital Assets, at Cost (Net of Accumulated Depreciation)	33,295,645	19,027,187	52,322,832	21,471
Total Noncurrent Assets	33,911,963	22,799,941	56,711,904	21,471
Total Assets	47,892,265	23,755,482	71,647,747	212,541
<b>Deferred Outflows of Resources:</b>				
Deferred Amount on Refunding of Debt	2,259,978	3,098,762	5,358,740	-
Deferred Outflows - Related to Pensions	752,362	-	752,362	37,188
Total Deferred Outflows of Resources	3,012,340	3,098,762	6,111,102	37,188
Total Assets and Deferred Outflows of Resources	\$ 50,904,605	\$ 26,854,244	\$ 77,758,849	\$ 249,729

(CONTINUED)

**CITY OF DENHAM SPRINGS  
PROPRIETARY FUNDS**

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2018

	Business-Type Activities -			Governmental Activities -
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	Motor Pool Internal Service Fund
<b>Current Liabilities</b>				
<b>(Payable from Current Assets):</b>				
Accounts Payable	\$ 418,011	\$ 9,260	\$ 427,271	\$ 5,841
Accrued Salaries and Wages	33,115	-	33,115	-
Accumulated Unpaid Vacation	56,355	-	56,355	5,483
Customers' Deposits	1,132,153	-	1,132,153	-
Current Portion of Debt	451,019	1,240,734	1,691,753	-
Other Current Liabilities	12,451	-	12,451	1,916
Due To Other Funds	137,147	7,061,453	7,198,600	-
Accrued Bond Interest	75,767	70,141	145,908	-
Total Current Liabilities	2,316,018	8,381,588	10,697,606	13,240
<b>Noncurrent Liabilities:</b>				
Accumulated Unpaid Vacation	169,067	-	169,067	16,452
Debt Payable after One Year (Net of Unamortized Bond Premium or Discount)	28,144,326	23,333,213	51,477,539	-
Net Pension Liability	1,947,694	-	1,947,694	87,526
Total Noncurrent Liabilities	30,261,087	23,333,213	53,594,300	103,978
Total Liabilities	32,577,105	31,714,801	64,291,906	117,218
<b>Deferred Inflows of Resources:</b>				
Deferred Inflows - Related to Pensions	210,076	-	210,076	10,117
<b>Net Position:</b>				
Net Investment in Capital Assets	7,940,105	2,549,271	10,489,376	21,471
Unrestricted (Deficit)	10,177,319	(7,409,828)	2,767,491	100,923
Total Net Position (Deficit)	18,117,424	(4,860,557)	13,256,867	122,394
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 50,904,605	\$ 26,854,244	\$ 77,758,849	\$ 249,729

The accompanying notes are an integral part of this statement.



**CITY OF DENHAM SPRINGS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Business-Type Activities -			Governmental Activities -
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	Motor Pool Internal Service Fund
<b>Operating Revenues:</b>				
Charges for Services	\$ 10,067,238	\$ 1,064,155	\$ 11,131,393	\$ 420,319
Total Operating Revenues	10,067,238	1,064,155	11,131,393	420,319
<b>Operating Expenses:</b>				
Personal Services and Benefits	2,643,299	39,262	2,682,561	142,530
Contractual Services	1,139,420	49,984	1,189,404	48
Cost of Materials	937,678	-	937,678	299,643
Utilities	442,288	108,011	550,299	2,463
Repairs and Maintenance	1,261,365	159,066	1,420,431	6,591
Supplies	283,561	23,084	306,645	7,479
Insurance	240,400	544	240,944	6,717
Depreciation	1,717,923	470,099	2,188,022	9,483
Overhead Allocation	(213,157)	213,157	-	-
Bad Debts	48,840	3,537	52,377	-
Total Operating Expenses	8,501,617	1,066,744	9,568,361	474,954
Operating Income (Loss)	1,565,621	(2,589)	1,563,032	(54,635)
<b>Nonoperating Revenues:</b>				
Intergovernmental	57,036	7,000	64,036	2,997
Interest	4,608	3,806	8,414	-
Amortization of Bond Premium	6,239	-	6,239	-
Miscellaneous	14,300	-	14,300	-
Total Nonoperating Revenues	82,183	10,806	92,989	2,997
<b>Nonoperating Expenses:</b>				
Interest	927,148	948,092	1,875,240	378
Amortization of Bond Costs	3,626	7,696	11,322	-
Amortization of Bond Discount	3,370	4,207	7,577	-
Loss on Disposal of Capital Asset	107,270	-	107,270	-
Total Nonoperating Expenses	1,041,414	959,995	2,001,409	378
Income (Loss) Before Contributions	606,390	(951,778)	(345,388)	(52,016)
Capital Contributions	62,512	257,939	320,451	-
Change in Net Position	668,902	(693,839)	(24,937)	(52,016)
<b>Total Net Position (Deficit) at Beginning of Year</b>	17,448,522	(4,166,718)	13,281,804	174,410
<b>Total Net Position (Deficit) at End of Year</b>	\$ 18,117,424	\$ (4,860,557)	\$ 13,256,867	\$ 122,394

The accompanying notes are an integral part of this statement.

**CITY OF DENHAM SPRINGS**  
**PROPRIETARY FUNDS**

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities -			Governmental Activities -
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	Motor Pool Internal Service Fund
<b>Cash Flows From Operating Activities:</b>				
Cash Received from Customers	\$ 10,219,850	\$ 1,102,929	\$ 11,322,779	\$ 420,319
Cash Payments to Suppliers for Goods and Services	(4,020,373)	(562,041)	(4,582,414)	(357,095)
Cash Payments to Employees for Services and Benefits	(2,526,227)	(39,262)	(2,565,489)	(137,636)
Other Receipts (Payments)	(402,063)	423,363	21,300	-
Net Cash Provided by (Used in) Operating Activities	3,271,187	924,989	4,196,176	(74,412)
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Acquisition and Construction of Capital Assets	(520,334)	-	(520,334)	(4,805)
Proceeds from Disposition of Assets	27,207	-	27,207	-
Interest Expense Paid on Long Term Debt Not Capitalized	(912,985)	(856,786)	(1,769,771)	(378)
Principal Paid on Long Term Debt	(444,058)	(1,187,696)	(1,631,754)	(1,552)
Cash Payments from Other Funds for Capital Activities	(779,364)	779,364	-	-
Capital Contributions	62,512	257,939	320,451	-
Net Cash Used in Capital and Related Financing Activities	(2,567,022)	(1,007,179)	(3,574,201)	(6,735)
<b>Cash Flows From Investing Activities:</b>				
Interest Income Received	4,608	3,806	8,414	-
Net Cash Provided by Investing Activities	4,608	3,806	8,414	-
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	708,773	(78,384)	630,389	(81,147)
<b>Cash and Cash Equivalents - Beginning of Year</b>	4,783,137	858,550	5,641,687	254,853
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 5,491,910</u>	<u>\$ 780,166</u>	<u>\$ 6,272,076</u>	<u>\$ 173,706</u>
<b>Schedule of Noncash Investing, Capital and Financing Activities:</b>				
Amortization of Deferred Bond Expense	\$ 3,626	\$ 7,696	\$ 11,322	\$ -
Amortization of Bond Premium and Discount (Net)	\$ (2,869)	\$ 4,207	\$ 1,338	\$ -
Loss on Disposal of Capital Assets	\$ 107,270	\$ -	\$ 107,270	\$ -
Non-employer Contributions to the Pension Plans	\$ 57,036	\$ -	\$ 57,036	\$ 2,997

(CONTINUED)

**CITY OF DENHAM SPRINGS**  
**PROPRIETARY FUNDS**

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities -			Governmental Activities -
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	Motor Pool Internal Service Fund
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>				
Operating Income (Loss)	\$ 1,565,621	\$ (2,589)	\$ 1,563,032	\$ (54,635)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	1,717,923	470,099	2,188,022	9,483
Provision for Bad Debts	48,840	3,537	52,377	-
Intergovernmental Revenues	-	7,000	7,000	-
Miscellaneous Revenues	14,300	-	14,300	-
Pension Expense Adjustment	111,870	-	111,870	4,589
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(99,042)	(3,537)	(102,579)	-
(Increase) Decrease in Other Receivables	122,639	42,311	164,950	-
(Increase) Decrease in Unbilled Utility Sales	52,089	-	52,089	-
(Increase) Decrease in Due from Other Funds	(429,590)	(13,227)	(442,817)	-
(Increase) Decrease in Inventory	(26,214)	-	(26,214)	(4,269)
(Increase) Decrease in Prepaid Expenses	462	-	462	-
Increase (Decrease) in Accounts Payable - Trade	97,955	(8,195)	89,760	(29,885)
Increase (Decrease) in Accrued Salaries and Wages	(1,147)	-	(1,147)	-
Increase (Decrease) in Other Current Liabilities	(1,021)	-	(1,021)	25
Increase (Decrease) in Due To Other Funds	13,227	429,590	442,817	-
Increase (Decrease) in Customers' Deposits	76,926	-	76,926	-
Increase (Decrease) in Accumulated Unpaid Vacation	6,349	-	6,349	280
Net Cash Provided by (Used in) Operating Activities	<u>\$ 3,271,187</u>	<u>\$ 924,989</u>	<u>\$ 4,196,176</u>	<u>\$ (74,412)</u>

The accompanying notes are an integral part of this statement.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

#### **(1) Summary of Significant Accounting Policies -**

##### **A. Financial Reporting Entity**

The City of Denham Springs "the City" was incorporated May 8, 1903, under the provisions of R.S. 33:321-48. The City operates under a Mayor - City Council form of government and provides the following services as authorized by its charter: public safety (police, animal control, and fire), highways and streets, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Denham Springs, Louisiana, and its component units, entities for which the City of Denham Springs is considered to be financially accountable. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City. Each discretely presented component unit has a June 30, 2018 year end.

The financial reporting entity consists of (1) the primary government (all funds under the auspices of the Mayor and the City Council), (2) organizations for which the primary government is financially accountable and a financial benefit/burden relationship exists, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 61, the Financial Reporting Entity: Omnibus, established criteria for determining which component units should be considered part of the City of Denham Springs for financial reporting purposes. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Legal status of the potential component unit.
2. Financial accountability:
  - a. The primary government appoints a voting majority of the potential component unit's governing body and the primary government is able to impose its will on the potential component unit (or)
  - b. When a potential component unit is fiscally dependent on the primary government regardless of whether the organization has separately elected officials or boards.

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2018

3. Financial benefits/burden relationship between the City and the potential component unit, and misleading to exclude which covers other potential component units for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Denham Springs (the primary government) and its component units. Based on the criteria above, the City of Denham Springs has included the following component units in the financial reporting entity:

#### **BLENDED COMPONENT UNIT**

The City of Denham Springs created the Denham Springs Sewer District No. 1 on January 26, 2009, under the authority of Louisiana Revised Statute 33:3911 et. seq. The Denham Springs Sewer District No. 1 is a separate legal entity and is governed by the Mayor and the City Council of the City of Denham Springs and thus the governing body is substantively the same as the governing body of the primary government and is reported as a proprietary fund in the basic financial statements of the City of Denham Springs. The creation of this District also created a financial benefit and/or burden relationship between the primary government and the component unit. The purpose of the Sewer District is to install sewer infrastructure into unincorporated areas of Livingston Parish and within the designated boundaries of the District, to provide sewer services to residences of the area, and to set rates and collect sewer fees once the system is installed. The Sewer District is connecting into the City of Denham Springs sewer treatment facility as the infrastructure is installed.

#### **DISCRETELY PRESENTED COMPONENT UNITS**

Component units that are legally separate from the City but are financially accountable to the City, or whose relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete are discretely presented. The component units column of the government-wide financial statements include the financial data of these discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the City.

Funding for the following state constitutionally defined agencies is included in the City's general fund. These officials however, have certain statutorily defined sources of funds for their own operating and/or capital budget discretion. These funds have been discretely presented in the City's government-wide financial statements:

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2018

City Court of Denham Springs - Ward II - The Judge of the Court is an elected official provided by the Louisiana State Constitution. Fiscal interdependency exists between the City and the City Court in that the City is required to provide the City Court office facilities and the City pays a portion of the Judge's compensation, and reimburses the Court for certain other salaries and benefits. The City Court has jurisdiction over all violations of City Ordinances and State misdemeanor cases. The jurisdiction includes the incorporated area of the City of Denham Springs and Ward Two of Livingston Parish. The City has the ability to modify or approve their budget which comes from the General Fund. There are certain funds collected by the City Court, pursuant to state statute, which are under the control of the courts. The City's government-wide financial statements discretely presents the City Court of Denham Springs - Ward II's financial statements for the year ended June 30, 2018.

Marshal of City Court of Denham Springs - Ward II - The Marshal is an elected official provided by the Louisiana State Constitution. Fiscal interdependency exists between the City and the Marshal in that the City is required to provide the Marshal's office facilities, and reimburses the Marshal's office for certain other salaries and benefits. The Marshal of the City Court of Denham Springs has the power of a sheriff in the execution of the Court's orders and mandates in making requests and preserving the peace. The City has the ability to modify or approve the budget which comes from the General Fund. The Marshal serves the citizenry of the City of Denham Springs and Ward Two of Livingston Parish. The City's government-wide financial statements discretely presents the Marshal's financial statements for the year ended June 30, 2018.

In addition to the state constitutionally defined agencies included above, the City created the Denham Springs Economic Development District which created a Louisiana nonprofit corporation, the Denham Springs Economic Development Corporation, and the Springs at Riverside Landing Economic Development District to assist the City in the creation of economic development, to improve employment and to otherwise improve the economic condition of the City of Denham Springs and surrounding areas.

Denham Springs Economic Development District - The Denham Springs Economic Development District ("the District") was created by an ordinance of the City Council of the City of Denham Springs on December 9, 2003, pursuant to the Louisiana Cooperative Economic Development Law. A board of five members is provided by law. The board is comprised of the members of the City Council of the City of Denham Springs and thus the City can impose its will on the District. The District encompasses approximately 75 acres within the City of Denham Springs.

The purpose of the District is to secure Sales Tax Increment Revenue bonds issued to provide funds for the construction of infrastructure improvements and acquiring, constructing and equipping the Bass Pro retail outlet and restaurant and ancillary items within the District. The District issued Sales Tax Increment Revenue Bonds Series 2007

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2018

A, B, and C dated March 1, 2007 in the total amount of \$41,540,000 and issued Sales Tax Increment Revenue Bonds Series 2008 dated May 27, 2008 in the amount of \$8,460,000. The proceeds were used for the purchase of 24 acres within the 75 acre District and for the construction of the “Bass Pro Shops” project and infrastructure. The bonds will be repaid from sales tax revenues generated by developments within the District. Collateral for the bonds is limited to the prospective developments and the City of Denham Springs has no liability for these bonds or for the debt service of these bonds.

Because of the required cooperation from each of and the sales tax revenues to be given up by each of the following governmental entities,

City of Denham Springs  
Livingston Parish School Board  
Livingston Parish Council  
Livingston Parish Sheriff  
Livingston Parish Gravity Drainage District #1  
State of Louisiana

the District created the Denham Springs Economic Development Corporation on February 14, 2004. The Corporation’s Board is composed of five members recommended by the City of Denham Springs, two members recommended by the Livingston Parish School Board, one member recommended by the Livingston Parish Council, and one member recommended by the Livingston Parish Sheriff for a total of nine members. The corporation is a private nonprofit corporation created pursuant to the Louisiana Nonprofit Corporation Law (Chapter 2 of Title 12 of the Louisiana Revised Statutes) and has been assigned the responsibilities to oversee, supervise and approve the construction of infrastructure improvements and acquiring, constructing, and equipping the Bass Pro retail outlet and restaurant and ancillary items. Ownership of the 24 acres, facilities and infrastructure remains with the District. There was no financial activity within this corporation prior to March of 2007.

The Denham Springs Economic Development Corporation has been included in the financial statements of the Denham Springs Economic Development District as a blended component unit, and the Denham Springs Economic Development District has been included in the City’s government-wide financial statements as a discretely presented component unit for the year ended June 30, 2018.

Springs at Riverside Landing Economic Development District - The Springs at Riverside Landing Economic Development District (“the Springs”) was created by an ordinance of the City Council of the City of Denham Springs on November 7, 2013, pursuant to the Louisiana Cooperative Economic Development Law. A board of five members is provided by law. The board is comprised of the members of the City Council of the City of Denham Springs and thus the City can impose its will on the District. The Springs encompasses approximately 33 acres within the City of Denham Springs.

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2018

The purpose of the Springs is to secure Sales Tax Increment Revenue bonds to finance drainage and drainage related activities, parking and lighting improvements for the Springs and provide for the construction and development of other public infrastructure in connection with the Springs. The bonds would be repaid from sales tax revenues generated by developments within the District. Collateral for the bonds would be limited to the prospective developments and the City of Denham Springs would have no liability for these bonds or for the debt service of these bonds. As of June 30, 2018, no bonds had been issued.

#### **RELATED ORGANIZATIONS**

City officials are also responsible for appointing members of the board of another organization. The City's accountability does not extend beyond making the appointments.

Denham Springs Housing Authority - The Denham Springs Housing Authority is a legally separate government entity formed to administer housing programs funded by the U.S. Department of Housing and Urban Development (HUD). The City governing authority appoints a majority of the Authority's members; however, there is no financial relationship between the Authority and the primary government.

The Denham Springs Parks and Recreation District #3 of Livingston Parish is a related organization of the City, however the City officials have no responsibility for the District. The District does however include the geographic area of the City.

Denham Springs Parks and Recreation District (PARD) - PARD is a legally separate parish agency that provides parks and recreational services to the residents of Livingston Parish District #3. District #3 includes the geographic area within the City of Denham Springs.

PARD sets its own ad valorem tax, can incur debt and owns property. The City has no budget approval, management designation or commission member removal powers. PARD finances capital and operating budgets directly from the parish constituents within District #3, and has no financial benefit/burden relationship with the City of Denham Springs.

The following agency is a public trust established pursuant to State Statutes to finance debt for various public purposes within Livingston Parish. The City Council appoints the board members of the agency. The agency is fiscally independent from the City, issues its own debt, approves its budgets, and sets its rates and charges. The primary government has no authority to remove board members, designate management, or approve or modify rates. The City is not obligated in any manner for the debt issues of this agency.



## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

#### Denham Springs/Livingston Housing and Mortgage Finance Authority

Complete financial statements for each of the City of Denham Springs component units and related organizations can be obtained at the Office of the Legislative Auditor of the State of Louisiana, 1600 North Third Street, P.O. Box 94397, Baton Rouge, LA 70804-9397, or at each of the agencies administrative offices.

#### B. 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 activities of the primary government and its component units. *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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 fund financial statements.

#### C. 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.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments 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.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The capital projects fund excludes those type of capital related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations or other governments.

The City reports the following major proprietary funds:

The *utility enterprise fund* accounts for the provision of gas, water, sewer and sanitation services to the residents of the City of Denham Springs and some residents of the parishes of Livingston and East Baton Rouge. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collections.

The *Denham Springs Sewer District Number 1 fund (a blended component unit)* accounts for the provision of sewer services to customers outside the limits of the City of Denham Springs but within a certain geographical area of Livingston Parish. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collections.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

Additionally, the City reports the following fund types:

*The special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt services or capital projects.

*The internal service fund* accounts for services such as vehicle fuel and repairs and maintenance to vehicles provided to other departments or agencies of the City, on a cost reimbursement basis.

*The debt service fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

*The permanent fund* is used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs – that is, for the benefit of the City or its citizenry.

The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB). Both the government-wide financial statements and the proprietary fund financial statements follow guidance included in GASB Statement No. 62 - Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the City's utility functions and various other functions of the City. 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. The principal operating revenues of the City's utility fund and of the City's internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

the system. Operating expenses for the enterprise fund and internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

#### D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Equity

##### 1. Deposits and Investments -

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments, with original maturities of three months or less from the date of acquisition.

State statutes authorizes the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments (certificates of deposit with original maturities greater than 90 days) are reflected at fair value.

Deposit and Investment policies of the component units are similar to those of the primary government except that the restricted cash and investments of the Denham Springs Economic Development District have been placed in trust and are to be invested in accordance with the bond indenture to which these funds were derived.

##### 2. 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 nonspendable fund balance classification in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. At June 30, 2018, there were no advances between funds.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable based on agings and estimated charge-off percentages comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to three percent of the current year property tax levy plus one hundred percent of any unpaid prior year tax at June 30, 2018.

Property taxes are levied in September or October each year on property values assessed as of the same date. Billed taxes become delinquent on January 1 of the following year, at which time the applicable property is subject to lien, and penalties and interest are assessed.

3. Inventories and Prepaid Items -

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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.

Also included in prepaid items is prepaid insurance on the issuance of bonds. Prepaid insurance on the issuance of bonds is recognized as an expense in a systematic and rational manner over the duration of the related bonds.

4. Restricted Assets -

*Primary Government -*

Certain resources set aside for repayment of the City's Enterprise Fund bonds (2008 Revenue Bonds, 2014, 2015, and 2016 Utility Revenue Refunding Bonds, and the 2016 Sewer Revenue Refunding Bonds) and the Sewer District Number 1 2009 Revenue Bonds are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "revenue bond debt service" accounts are used to segregate resources accumulated for debt service payments over the next twelve months.

Certain proceeds and resources of the City's Utility Enterprise Fund are set aside to reimburse customers their utility deposits upon discontinuance of service.

*Component Unit -*

Certain proceeds of the Denham Springs Economic Development District revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts within a trust and their use is limited by applicable bond covenants. The "revenue bond construction" accounts are used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "revenue bond debt service" accounts are used to segregate resources accumulated for debt service payments over the next twelve months.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

5. 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 defined by the government as assets with an initial, individual cost of more than \$2,000 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

In the case of the initial capitalization of general infrastructure assets, the City of Denham Springs chose to not include such assets acquired prior to 1980.

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, net of interest earned on the invested proceeds over the same period.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15 - 40
Building Improvements	10 - 25
Public Domain Infrastructure	50
System Infrastructure	20 - 50
Equipment	3 - 15

6. Deferred Outflows and Inflows of Resources -

The statement of financial position reports a separate section for deferred outflows and (or) inflows of financial resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represents an acquisition of a net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

The City and the Denham Springs Economic Development District's have deferred outflows of resources on the statement of net position that are a result of deferrals concerning bonded debt. A deferred charge on refunding results from the difference in the varying value of refunded debt and its reacquisition price. Deferred amount on refunding of debt is reported in the deferred outflow sections of the statement of position.

The City, the City Court of Denham Springs – Ward II, and the Marshal of City Court of Denham Springs – Ward II have deferred outflows and inflows of resources on the statement of net position that are related to pensions. See pension Note 11.

7. **Compensated Absences -**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

8. **Pensions -**

The City, the City Court of Denham Springs – Ward II, and the Marshal of City Court of Denham Springs – Ward II are participating employers in cost-sharing, multiple-employer defined benefit plans as described in Note 11. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

9. **Long-Term Obligations -**

In the government-wide financial statements, and proprietary fund 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 DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

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 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.

#### 10. Net Position -

Net position represents the difference between assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets.

The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those restricted assets. The restricted component of net position is used when there are limitations imposed on their use of an asset by external parties such as creditors, grantors, laws or regulations of other governments.

The *unrestricted* component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted resources are available for use for a particular project or purpose, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

#### 11. Fund Equity -

Governmental fund equity is classified as fund balance and is reported in accordance with the provisions of Governmental Accounting Standards Board Statement No. 54. In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors.

Committed - Amounts that can only be used for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City of Denham



## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2018

Springs that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the finance director to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned - All amounts not included in other spendable classifications; positive amounts are only in the general fund. The City has not adopted a policy to maintain the general fund's unassigned fund balance above a certain minimum level.

The details of the fund balances are included in the Balance Sheet - Governmental Funds (Exhibit B-1). City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. As noted above, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the City Council or the Assignment has been changed by the City Council. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned becomes zero, then Assigned and Committed Fund Balances are used in that order.

#### **12. Post-Employment Health Care Benefits -**

##### **Retiree Benefits -**

In addition to the pension benefits described in Note 11, the City provides postretirement healthcare benefits to all employees who retire from the City, as per the requirements of a local ordinance. The group insurance is paid by the City and reimbursed by the retired employee. There is no associated cost to the City under this program, and there are only four (4) participants in the program as of June 30, 2018. Since the retiree healthcare benefit program is reimbursed to the City by the participants and the number of retirees opting to use this benefit has been historically low, the City determined any postemployment benefit accrual would be immaterial to the financial statements as the only potential accrual would be the implicit benefit of the retirees of paying the insurance group rate.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

#### COBRA Benefits -

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premiums are paid by the City and reimbursed by the insured. This program is offered for a duration of eighteen (18) months after the termination date. There is no associated cost to the City under this program, and at June 30, 2018, there are no participants in the program.

#### 13. Use of Estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

#### 14. Current Year Adoption of New Accounting Standards -

The City adopted the following recently issued GASB Standard in the preparation of this Comprehensive Annual Financial Report:

In March 2017, the Governmental Accounting Standards Board issued GASB Statement No 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

The adoption of this standard had no impact on the government-wide or the governmental fund financial statements, but provide for guidance, clarification and/or additional disclosures in the notes to the basic financial statements and required supplementary information.

#### 15. Current Accounting Pronouncements -

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or, if applied to earlier periods, the beginning of the earliest period restated). However, lessors should not restate the assets underlying their existing sales-type or direct financing leases. Any residual assets for those leases become the carrying values of the underlying assets.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

In March 2018, the Governmental Accounting Standards Board issued GASB Statement No 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

In June 2018, the Governmental Accounting Standards Board issued GASB Statement No 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

In August 2018, the Governmental Accounting Standards Board issued GASB Statement No 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

Management is currently evaluating the effects of the new GASB pronouncements.

#### **(2) Stewardship, Compliance and Accountability -**

##### **A. Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds, except the Debt Service Fund and the Cemetery Care Permanent Fund which are not budgeted. All annual appropriations lapse at fiscal yearend.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Treasurer prepares a proposed budget and submits same to the Mayor and Council no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
4. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the City Council.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

Activities of the General Fund, the Capital Project Fund, and the Special Revenue Fund are included in the annual appropriated budget. The City is not required to prepare and does not prepare an annual appropriated budget for its Debt Service Fund, Enterprise Fund, Internal Service Fund or Cemetery Care Permanent Fund.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the department level. Any increase in departmental budgets must be approved by the City Council.

Budgeted amounts are as originally adopted, or as amended from time to time by the City Council. For the fiscal year ended June 30, 2018, the City Council approved the decrease in the original expenditures and transfers out of the General Fund from \$14,358,801 to \$11,810,785.

The total General Fund decrease amounted to \$2,548,016. The General Fund budget as amended was decreased \$2,600,000 for building improvement for City hall that did not occur in 2018, decreased approximately \$558,000 in equipment purchased, increased approximately \$119,000 for repairs to the old Youth and Family Counseling building now being used by the street department, increased approximately \$454,000 for flood expenses, increased approximately \$148,000 for contract services for Streets for additional flood debris pickup and monitoring, telephone and utilities decreased approximately \$64,000, payroll taxes, retirement, and group insurance decreased approximately \$47,000, streets maintenance and materials decreased approximately \$52,000. These areas were the major budget increases and decreases.

Budgetary data for the discretely presented component units are not presented in these financial statements.

#### **(3) Deposits and Investments -**

The City has established a consolidated bank account with a local bank into which monies are deposited and from which all disbursements are now being made. The purpose of the consolidation account is to reduce administrative charges and provide a single cash balance available for the maximization of investment earnings. Each fund shares in the investment earnings of the consolidated account according to its average cash balance. Cash is transferred from those funds with available cash resources to cover any negative cash balances, if any, in other funds at year-end.

The City also invests excess funds in interest bearing demand deposit accounts. At June 30, 2018, the City had no certificates of deposit investments.

The discretely presented component units maintain deposit accounts and investments in certificates of deposits similar to the Primary Government.

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

### A. Primary Government

As reflected in Exhibit A-1, the City of Denham Springs, Louisiana has cash totaling \$10,643,118. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. These pledged securities are held by and are in the name of the fiscal agent bank but pledged to the City. The following is a summary of cash and investments at June 30, 2018.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Deposits in Bank Accounts per Balance Sheet:			
Cash and Cash Equivalents	\$4,371,042	\$6,272,076	\$10,643,118

#### *Custodial Credit Risk - Deposits*

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. To mitigate this risk, state law requires for these deposits (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. 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. The pledged securities are deemed by Louisiana State Law to be under the control and possession and in the name of the City regardless of its designation by the financial institution in which it is deposited. As of June 30, 2018, none of the City's bank balance of \$10,735,124 was exposed to custodial credit risk. Neither the City of Denham Springs nor its discretely presented component units has a policy for custodial credit risk.

### B. Deposits - Discretely Presented Component Units

The discretely presented component units are required to invest funds within the same state statutes as the primary government. Component unit deposits (including demand deposit accounts and all certificates of deposits) at June 30, 2018, are summarized below.

	<u>City Court of Denham Springs- Ward II</u>	<u>Marshall of City Court of Denham Springs- Ward II</u>	<u>Denham Springs Economic Development District</u>
Deposits in Bank Accounts Per Balance Sheet:			
Cash and Cash Equivalents	\$ 173,145	\$ 89,192	\$ 4,539,470
Certificate of Deposit	<u>-</u>	<u>30,000</u>	<u>-</u>
	173,145	119,192	4,539,470
Fiduciary Amounts - Not Included in Statement of Net Position	<u>417,456</u>	<u>-</u>	<u>-</u>
	<u>\$ 590,601</u>	<u>\$ 119,192</u>	<u>\$ 4,539,470</u>

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

#### *Custodial Credit Risk - Deposits*

In the case of deposits, this is the risk that in the event of a bank failure, the component units' deposits may not be returned to them. To mitigate this risk, state law requires for these deposits (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. 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. The pledged securities are deemed by Louisiana State Law to be under the control and possession and in the name of the component unit regardless of its designation by the financial institution in which it is deposited. As of June 30, 2018, none of the component unit's bank balance of \$5,391,090 was exposed to custodial credit risk.

#### **(4) Ad Valorem Taxes -**

Normally, ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Normally, taxes are levied by the City in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The City's property taxes are now billed and collected by the Livingston Parish Tax Collector from information on assessed values received from the Livingston Parish Assessor's Office. The Tax Collector remits collections monthly to the City.

For the year ended June 30, 2018, taxes of 3.478 mills were levied on property with assessed valuations totaling \$84,082,230 and were dedicated to general purposes.

Total taxes levied were \$292,438. Taxes receivable at June 30, 2018, consisted of the following:

Taxes Receivable - Current Roll	\$ 6,248
Taxes Receivable - Prior Years	<u>32,291</u>
	38,539
Allowance for Uncollectible Taxes	<u>(33,189)</u>
	<u>\$ 5,350</u>



# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

**(5) Receivables -**

Receivables as of June 30, 2018, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Interest</u>	<u>Ad Valorem Taxes</u>	<u>Franchise Taxes</u>	<u>Accounts</u>	<u>Unbilled Sales</u>	<u>Less: Allowance for Uncollectibles</u>	<u>Total - Net Receivable</u>
<u>Governmental Activities:</u>							
General Fund	\$ -	\$ 38,539	\$ 116,310	\$ 29,433	\$ -	\$ (33,189)	\$ 151,093
Nonmajor Governmental Funds	-	-	-	300	-	-	300
Total Governmental Activities	-	38,539	116,310	29,733	-	(33,189)	151,393
<u>Business Type-Activities:</u>							
Utility Fund	-	-	-	861,237	364,958	(305,000)	921,195
<u>Component Units:</u>							
City Court of Denham Springs - Ward II	-	-	-	48	-	-	48
Marshal of City Court of Denham Springs - Ward II	-	-	-	3,035	-	-	3,035
Denham Springs Economic Development District	611	-	-	8,316	-	-	8,927
Total Component Units	611	-	-	11,399	-	-	12,010
	<u>\$ 611</u>	<u>\$ 38,539</u>	<u>\$ 116,310</u>	<u>\$ 902,369</u>	<u>\$ 364,958</u>	<u>\$ (338,189)</u>	<u>\$ 1,084,598</u>

**(6) Due From Other Governments -**

Due from Other Governments as of June 30, 2018, consists of the following:

	<u>Livingston Parish School Board</u>	<u>State of Louisiana</u>	<u>Livingston Parish</u>	<u>FEMA</u>	<u>Other</u>	<u>Total</u>
<u>Governmental Activities:</u>						
General Fund	\$ 1,129,580	\$ 20,120	\$ 49,492	\$ 598,608	\$ -	\$ 1,797,800
Capital Projects Fund	-	553,298	-	-	-	553,298
Total Governmental Activities	1,129,580	573,418	49,492	598,608	-	2,351,098
<u>Business Type-Activities:</u>						
Utility Fund	-	-	-	208,786	9,892	218,678
<u>Component Units:</u>						
Denham Springs Economic Development District	813,715	382,312	-	-	-	1,196,027
Total Component Units	813,715	382,312	-	-	-	1,196,027
	<u>\$ 1,943,295</u>	<u>\$ 955,730</u>	<u>\$ 49,492</u>	<u>\$ 807,394</u>	<u>\$ 9,892</u>	<u>\$ 3,765,803</u>

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

**(7) Interfund Receivables, Payables - Due (To) From Primary  
Government/Component Units - Transfers In, Transfers Out -**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Due To</u>	<u>Due From</u>
Business Type-Activities:			
Denham Springs Sewer			
District Number 1	Utility Fund	\$ 7,061,453	\$ -
	Utility Fund	-	137,147
Utility Fund	Sewer District Number 1	-	7,061,453
	Sewer District Number 1	<u>137,147</u>	<u>-</u>
		<u>\$ 7,198,600</u>	<u>\$ 7,198,600</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The Denham Springs Sewer District Number 1 owes the Utility Fund \$7,061,453 in accumulated project costs in connection with the construction of the District's infrastructure and for cost for services provided by the Utility Fund. The Utility Fund handles the billing and collection of amounts due from customers of Denham Springs Sewer District Number 1. The Utility Fund and the District share some common customers because the Utility fund provides those customers water services. The Utility Fund owes Denham Springs Sewer District Number 1 \$137,147 for impact fees collected and billed and unbilled sales for the month of June 2018. These balances due to and from funds are expected to be repaid in the subsequent year.

	<u>Due (To)/From Primary Government</u>	<u>Due (To)/From Component Units</u>
<u>Primary Government:</u>		
General Fund	\$ -	\$ 55,282
<u>Component Units:</u>		
Springs at Riverside Landing Economic Development District	(35,775)	-
Marshall of City Court of Denham Springs - Ward II	<u>(19,507)</u>	<u>-</u>
Total	<u>\$ (55,282)</u>	<u>\$ 55,282</u>

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

**(8) Changes in Capital Assets -**

Primary government capital asset activity for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land and Right-of-Ways	\$ 1,314,460	\$ -	\$ -	\$ 1,314,460
Construction in Progress	750,000	806,161	(1,107,524)	448,637
Total Capital Assets not being Depreciated	2,064,460	806,161	(1,107,524)	1,763,097
Capital Assets being Depreciated:				
Buildings and Improvements	5,354,260	123,995	-	5,478,255
Infrastructure	5,683,802	1,107,524	-	6,791,326
Equipment	5,864,895	809,619	(329,630)	6,344,884
Total Capital Assets being Depreciated	16,902,957	2,041,138	(329,630)	18,614,465
Less: Accumulated Depreciation for:				
Buildings and Improvements	3,448,135	125,776	-	3,573,911
Infrastructure	3,440,283	354,094	-	3,794,377
Equipment	4,183,036	263,764	(289,721)	4,157,079
Total Accumulated Depreciation	11,071,454	743,634	(289,721)	11,525,367
Total Capital Assets being Depreciated, Net	5,831,503	1,297,504	(39,909)	7,089,098
Total Governmental Activities Capital Assets, Net	<u>\$ 7,895,963</u>	<u>\$ 2,103,665</u>	<u>\$ (1,147,433)</u>	<u>\$ 8,852,195</u>

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<u>Business-Type Activities:</u>				
Capital Assets not being Depreciated:				
Land and Right-of-Ways	\$ 4,285,343	\$ -	\$ -	\$ 4,285,343
Construction in Progress	47,885	160,473	(208,358)	-
Total Capital Assets not being Depreciated	4,333,228	160,473	(208,358)	4,285,343
Capital Assets being Depreciated:				
Buildings and Improvements	583,297	-	-	583,297
Gas System	5,307,224	159,442	(34,947)	5,431,719
Water System	17,386,635	118,641	-	17,505,276
Sewer System	56,982,414	215,386	(180,518)	57,017,282
Equipment	2,579,086	74,753	(32,124)	2,621,715
Total Capital Assets being Depreciated	82,838,656	568,222	(247,589)	83,159,289
Less: Accumulated Depreciation for:				
Buildings and Improvements	297,136	11,777	-	308,913
Gas System	3,690,458	130,937	(32,853)	3,788,542
Water System	8,492,507	482,889	-	8,975,396
Sewer System	14,017,627	1,443,707	(48,137)	15,413,197
Equipment	2,263,819	118,712	(32,122)	2,350,409
Total Accumulated Depreciation	28,761,547	2,188,022	(113,112)	30,836,457
Total Capital Assets being Depreciated, Net	54,077,109	(1,619,800)	(134,477)	52,322,832
Total Business-Type Activities Capital Assets, Net	<u>\$ 58,410,337</u>	<u>\$ (1,459,327)</u>	<u>\$ (342,835)</u>	<u>\$ 56,608,175</u>

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

Depreciation expense was charged to functions of the primary government as follows:

### Governmental Activities:

General Government	\$ 84,458
Public Safety	306,960
Highways and Streets	289,443
Parks and Recreation	53,290
	<u>734,151</u>

Capital Assets Held by Internal  
Service Funds are Charged to the  
Various Functions Based on their  
Usage of the Assets

	9,483
Total Depreciation Expense - Governmental Activities	<u><u>\$ 743,634</u></u>

### Business-Type Activities:

Water	\$ 523,746
Gas	160,916
Sewer	1,501,041
Sanitation	2,319
	<u>2,319</u>
Total Depreciation Expense - Business-Type Activities	<u><u>\$ 2,188,022</u></u>

### Commitments

#### *Governmental Activities:*

The City has four active construction projects as of June 30, 2018 in the governmental activities. The projects include the J Turn Project, River Road North Overlay Project, Julia Street Overlay Project, and Hatchell Lane Sidewalks Projects. The Julia Street Overlay Project is the only City owned project. The other three projects are State of Louisiana owned.

The following schedule represents commitments in the governmental funds at June 30, 2018:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Julia Street Overlay Project	\$ 448,637	\$ 14,777
	<u>                    </u>	<u>                    </u>

#### *Business-Type Activities:*

The City does not have any active construction project as of June 30, 2018 in the business-type activities.

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

### Idle Assets

#### *Governmental Activities:*

City Hall was deemed substantially damaged by the flood of August 2016. The structure was completely gutted and cleaned out and is considered idle as of the date of the report. The City is waiting on the Federal Emergency Management Agency to approve its section 428 project before any action can be taken on the structure. The fair value of the structure exceeds its carrying value; therefore, no adjustment to the carrying value is necessary. The carrying value of City Hall is \$261,104 at June 30, 2018.

### Component Units

A summary of changes in capital assets for component units is as follows:

#### City Court of Denham Springs - Ward II:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<u>Governmental Activities:</u>				
Capital Assets Being Depreciated				
Furniture and Fixtures	\$ 10,307	\$ 4,609	\$ -	\$ 14,916
Software	-	70,300	-	70,300
Computer Equipment	39,135	21,721	-	60,856
Total	49,442	96,630	-	146,072
Less: Accumulated				
Depreciation	3,893	13,273	-	17,166
Capital Assets, Net	\$ 45,549	\$ 83,357	\$ -	\$ 128,906

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

Marshal of City Court of Denham Springs - Ward II:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>Governmental Activities:</u>				
Capital Assets Being Depreciated				
Office Equipment	\$ 9,673	\$ -	\$ -	\$ 9,673
Machinery and Equipment	10,932	-	-	10,932
Vehicles	187,547	-	-	187,547
Total	<u>208,152</u>	<u>-</u>	<u>-</u>	<u>208,152</u>
Less: Accumulated				
Depreciation	<u>166,206</u>	<u>16,045</u>	<u>-</u>	<u>182,251</u>
Capital Assets, Net	<u>\$ 41,946</u>	<u>\$ (16,045)</u>	<u>\$ -</u>	<u>\$ 25,901</u>

Denham Springs Economic Development District:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land	\$ 7,303,750	\$ -	\$ -	\$ 7,303,750
Total Capital Assets not being				
Depreciated	7,303,750	-	-	7,303,750
Capital Assets being Depreciated:				
Buildings and Improvements	26,205,237	-	-	26,205,237
Roads	6,566,631	-	-	6,566,631
Utilities	2,063,484	-	-	2,063,484
Total Capital Assets being				
Depreciated	34,835,352	-	-	34,835,352

(CONTINUED)

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Less: Accumulated Depreciation for:				
Buildings and Improvements	6,141,853	655,131	-	6,796,984
Roads	2,964,269	328,332	-	3,292,601
Utilities	967,257	103,174	-	1,070,431
Total Accumulated Depreciation	10,073,379	1,086,637	-	11,160,016
Total Capital Assets being Depreciated, Net	24,761,973	(1,086,637)	-	23,675,336
Total Governmental Activities Capital Assets, Net	\$ 32,065,723	\$ (1,086,637)	\$ -	\$ 30,979,086

Depreciation expense was charged to functions of the component unit government as follows:

Governmental Activities:

City Court of Denham Springs – Ward II	\$ 13,273
Marshal of City Court of Denham Springs - Ward II	16,045
Denham Springs Economic Development District	1,086,637
	<u>\$1,115,955</u>

**(9) Long-Term Liabilities -**

**Primary Government -**

Revenue Bonds

Utility Enterprise Fund: The City issues bonds where it pledges income derived from the acquired or constructed assets to pay debt services. On December 1, 2006, the City issued \$23,765,000 of revenue bonds. On May 28, 2008, the City also issued an additional \$9,100,000 of revenue bonds. These bonds were issued to finance the funding of the upgrade of the City owned sewer treatment plant, the funding of the expansion of the City water distribution system to unincorporated areas of the City, the funding of renovations and rehabilitations of City sewer manholes, the funding of the reclamation of the City's sewer lagoons, the funding of a water and sewer department building, the funding of any other repairs and/or expansions needed to maintain the City's water distribution system, and any costs incidental to the issuance of these bonds.



## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

#### Prior Year Advance Refundings

On November 19, 2014, the City issued \$9,145,000 Series 2014 Revenue Refunding Bonds for the purpose of refunding \$8,355,000 of the outstanding balance of the Series 2006 Utility Revenue Bonds and interest and redemption premium associated with the Series 2006 Bonds. The net proceeds of \$9,045,844 (after payment of \$303,075 in cost of issuance) plus an additional \$156,727 of the sinking fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2006 Series bonds. This advance refunding was undertaken to decrease total debt service payments over the next 18 years by \$620,626 and resulted in an economic gain of \$497,760.

On May 6, 2015, the City issued \$9,440,000 Series 2015 Revenue Refunding Bonds for the purpose of refunding \$9,145,000 of the outstanding balance of the Series 2006 Utility Revenue Bonds and interest and redemption premium associated with the Series 2006 Bonds. The net proceeds of \$9,715,796 (after payment of \$268,019 in cost of issuance) plus an additional \$167,146 of the sinking fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2006 Series bonds. This advance refunding was undertaken to decrease total debt service payments over the next 22 years by \$720,778 and resulted in an economic gain of \$542,161.

The advance refunding of the Series 2006 bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,322,115, \$710,452 on the Series 2014 bonds, \$611,663 on the Series 2015 bonds, which was deferred and is being amortized over the life of the new bonds. The difference is reported in the accompanying financial statements as a deferred outflow of resources and is being charged to operations as a component of interest expense. At June 30, 2018, the unamortized balance is \$1,299,093.

On January 7, 2016, the City issued \$7,885,000 Series 2016 Revenue Refunding Bonds for the purpose of refunding \$7,155,000 of the outstanding balance of the Series 2008 Utility Revenue Bonds and interest associated with the Series 2008 Bonds. The net proceeds of \$7,905,819 (after payment of \$233,995 in cost of issuance) plus an additional \$27,976 of the sinking fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2008 Series bonds. This advance refunding was undertaken to decrease total debt service payments over the next 22 years by \$358,968 and resulted in an economic gain of \$251,258.

The advance refunding of the Series 2008 bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$940,387, which was deferred and is being amortized over the life of the new bonds. The difference is reported in the accompanying financial statements as a deferred outflow of resources and is being charged to operations as a component of interest expense. At June 30, 2018, the unamortized balance is \$926,672. As a result of the issuance of the Revenue Refunding Bonds Series 2016, \$7,155,000 of the 2008 Series Bonds were considered in-substance defeased and the liability for those bonds was removed from the City's books. At June 30, 2018, \$7,155,000 of defeased bonds are still outstanding.

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2018

On July 28, 2016, the City issued \$25,930,000 Series 2016 Sewer Revenue Refunding Bonds for the purpose of refunding \$1,225,000 of the City's 2006 Utility Revenue Bonds – Sewer Project, maturing December 1, 2017 to December 1, 2018, and \$21,425,000 of the Denham Springs Sewer District No. 1's outstanding Series 2009 Revenue Bonds, dated November 19, 2009, maturing December 1, 2020 to December 1, 2039. The net proceeds of \$25,591,997 (after payment of \$529,015 in cost of issuance) plus an additional \$191,011 of the sinking fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2006 and 2009 Series bonds. This advance refunding was undertaken to decrease total debt service payments over the next 23 years by \$1,339,506 and resulted in an economic gain of \$873,179. The principal repayment on the Series 2016 Sewer Revenue Refunding Bonds are in varying amounts due on December 1 each year from 2016 through 2040 and bear an interest rate of 3.39%. The Bonds are secured by and payable from utility revenues.

The advance refunding of the Series 2006 and 2009 bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$3,252,171, which was deferred and is being amortized over the life of the new bonds. The difference is reported in the accompanying financial statements as a deferred outflow of resources and is being charged to operations as a component of interest expense. At June 30, 2018, the unamortized balance is \$3,132,975. As a result of the issuance of the Sewer Revenue Refunding Bonds Series 2016, \$1,255,000 of the 2006 Series Bonds and \$21,425,000 of the 2009 Series Bonds were considered in-substance defeased and the liability for those bonds was removed from the City's books. At June 30, 2018, \$21,425,000 of the 2009 Series defeased bonds are still outstanding. The 2006 Series Bonds were paid off during fiscal year 2017.

Denham Springs Sewer District Number 1: On November 1, 2009, the Louisiana Local Government Environmental Facilities and Community Development Authority issued \$23,750,000 in revenue bonds on behalf of the Denham Springs Sewer District Number 1. These bonds were issued for the purpose of (1) financing the cost of acquiring, constructing, extending and improving the sewerage infrastructure within the District and (2) paying capitalized interest on the bonds for a period of eighteen months, and (3) paying the cost of issuance of the bonds. \$21,425,000 of these bonds were refunded during the 2017 fiscal year through the issuance of the Series 2016 Sewer Revenue Refunding Bonds.

**CITY OF DENHAM SPRINGS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2018

The revenue bonds outstanding at June 30, 2018, are as follows:

<u>Description/Purpose</u>	<u>Original Issue Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance June 30, 2018</u>
Business-Type Activities:				
Utility Enterprise Fund:				
2008 Utility Revenue Bonds - Sewer Project	\$ 9,100,000	3.00 to 4.88%	12-01-2038	220,000
2014 Utility Revenue Refunding Bonds	\$ 9,145,000	1.00 to 4.88%	12-01-2031	8,965,000
2015 Utility Revenue Refunding Bonds	\$ 9,440,000	2.00 to 4.00%	12-01-2036	9,300,000
2016 Utility Revenue Refunding Bonds	\$ 7,885,000	1.20 to 4.00%	12-01-2038	7,770,000
2016 Sewer Revenue Refunding Bonds	\$ 1,433,929	3.39%	12-01-2039	1,381,394
Denham Springs Sewer District Number 1:				
2009 Denham Springs Sewer District No. 1 Project	\$23,750,000	4.00 to 5.00%	12-01-2039	980,000
2016 Sewer Revenue Refunding Bonds	\$24,496,071	3.39%	12-01-2039	23,598,606
Total Revenue Bonds				\$52,215,000

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

Revenue bond debt service requirements to maturity, including interest requirements, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 1,690,000	\$ 1,721,721	\$ 3,411,721
2020	1,740,000	1,667,925	3,407,925
2021	1,785,000	1,620,460	3,405,460
2022	1,835,001	1,574,194	3,409,195
2023	1,885,001	1,523,663	3,408,664
2024-2028	10,300,000	7,598,436	17,898,436
2029-2033	12,079,999	4,835,796	16,915,795
2034-2038	14,369,999	2,441,864	16,811,863
2039-2040	6,530,000	224,018	6,754,018
Total Revenue Bonds	<u>\$ 52,215,000</u>	<u>\$ 23,208,077</u>	<u>\$ 75,423,077</u>

The 2008 Utility Revenue Bonds - Sewer Project requires the following funds to be maintained:

A debt service fund designed to achieve proper mailing of principal and interest payments as due on the Revenue Bond.

The City is required to pay monthly one-twelfth (1/12) of the interest and principal paid on the bonds during the immediate preceding bond year into a principal and interest account of the Debt Service Fund. At June 30, 2018, the Debt Service Fund requirements for the interest and principal accounts were fully funded with an actual balance of \$149,468.

The 2014 Utility Revenue Refunding Bonds requires the following funds to be maintained:

A debt service fund designed to achieve proper mailing of principal and interest payments as due on the Revenue Bond.

The City is required to pay monthly one-sixth (1/6) of the interest due on the next interest payment date due on the bonds into an interest account of the Debt Service Fund. In addition, the City is required to pay monthly one-twelfth (1/12) of the principal due on the next principal payment date due on the bonds into a principal account of the Debt Service Fund. At June 30, 2018, the Debt Service Fund requirements for the interest and principal accounts were fully funded with an actual balance of \$64,834.

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2018

The 2015 Utility Revenue Refunding Bonds requires the following funds to be maintained:

A debt service fund designed to achieve proper mailing of principal and interest payments as due on the Revenue Bond.

The City is required to pay monthly one-sixth ( $1/6$ ) of the interest due on the next interest payment date due on the bonds into an interest account of the Debt Service Fund. In addition, the City is required to pay monthly one-twelfth ( $1/12$ ) of the principal due on the next principal payment date due on the bonds into a principal account of the Debt Service Fund. At June 30, 2018, the Debt Service Fund requirements for the interest and principal accounts were fully funded with an actual balance of \$72,874.

The 2016 Utility Revenue Refunding Bonds requires the following funds to be maintained:

A debt service fund designed to achieve proper mailing of principal and interest payments as due on the Revenue Bond.

The City is required to pay monthly one-sixth ( $1/6$ ) of the interest due on the next interest payment date due on the bonds into an interest account of the Debt Service Fund. In addition, the City is required to pay monthly one-twelfth ( $1/12$ ) of the principal due on the next principal payment date due on the bonds into a principal account of the Debt Service Fund. At June 30, 2018, the Debt Service Fund requirements for the interest and principal accounts were fully funded with an actual balance of \$58,190.

The 2009 Denham Springs Sewer District Number 1 Project Bonds requires the following funds to be maintained:

A debt service fund designed to achieve proper mailing of principal and interest payments as due on the Revenue Bond.

The Denham Springs Sewer District Number 1 is required to pay monthly one-sixth ( $1/6$ ) of the interest due on the next interest payment date due on the bonds into an interest account of the Debt Service Fund. In addition, the Denham Springs Sewer District 1 is required to pay monthly one-twelfth ( $1/12$ ) of the principal due on the next principal payment date due on the bonds into a principal account of the Debt Service Fund. At June 30, 2018, the Debt Service Fund requirements for the interest and principal accounts were fully funded with an actual balance of \$286,184.

The 2016 Sewer Revenue Refunding Bonds requires the following funds to be maintained:

A debt service fund designed to achieve proper mailing of principal and interest payments as due on the Revenue Bonds.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

The City is required to pay monthly one-sixth (1/6) of the interest due on the next interest payment date due on the bonds into an interest account of the Debt Service Fund. In addition, the City is required to pay monthly one-twelfth (1/12) of the principal due on the next principal payment date due on the bonds into a principal account of the Debt Service Fund. At June 30, 2018, the Debt Service Fund requirements for the interest and principal accounts were fully funded with an actual balance of \$548,299.

For fiscal year end 2018, the City did not meet the bond covenant that requires the Utility Enterprise Fund net revenues combined with the Denham Springs Sewer District Number 1 net revenues in each fiscal year equal to a least one hundred twenty-five percent of the required deposits to the debt service funds. The City did make all required payments to the debt service funds. The August 2016 flood event continued to have an impact on expenses and on revenues. Management believes that absent the effects of the flood event that the City would have met the bond covenant. As per the bond agreements, the City has begun taking action to remedy this and it is not considered a default.

Capital Lease Payable. The City entered into a capital lease agreement on November 20, 2012, for financing the purchase of thirteen pickup trucks with twelve purchased for use by the utility operations and one for use by the internal service motor pool. The lease required ten payments due in May and November of \$29,624 with a final payment due on November 20, 2017. The lease was paid off during fiscal year 2018.

#### Loan Commitment

On June 13, 2017, a Community Disaster Loan (CDL) application was approved for the City. The City was approved for a loan amount up to \$4,913,474 with an interest rate of 1.75%. The loan would mature June 12, 2022 unless the terms of the note is extended by the federal government. At June 30, 2018, the balance on the note is \$-0- as the City had not made any draws on the loan. The intent of the loan is to replace lost operating revenues due to the significant natural disaster. The August 2016 flooding event and subsequent damages to the surround areas enabled the City to qualify for the loan and management initially applied for the loan because of the uncertainty of the effects of the flooding event on its revenue sources.

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

Changes in Long-Term Liabilities. Long-term liability activity for the year ended June 30, 2018 is as follows:

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Governmental Activities:					
Capital Lease	\$ 1,552	\$ -	\$ 1,552	\$ -	\$ -
Compensated Absences	859,950	599,119	612,633	846,436	211,608
Governmental Activities					
Long-Term Liabilities	<u>\$ 861,502</u>	<u>\$ 599,119</u>	<u>\$ 614,185</u>	<u>\$ 846,436</u>	<u>\$ 211,608</u>
Business-Type Activities:					
2008 Utility Revenue					
Bond-Sewer Project	\$ 430,000	\$ -	\$ 210,000	\$ 220,000	\$ 220,000
2014 Utility Revenue					
Refunding Bond	9,030,000	-	65,000	8,965,000	65,000
2015 Utility Revenue					
Refunding Bond	9,355,000	-	55,000	9,300,000	55,000
2016 Utility Revenue					
Refunding Bond	7,825,000	-	55,000	7,770,000	60,000
2009 Denham Springs Sewer					
District No. 1 Project	1,445,000	-	465,000	980,000	480,000
2016 Sewer Revenue					
Refunding Bond	25,745,000	-	765,000	24,980,000	810,000
Capital Lease	16,754	-	16,754	-	-
Adjust for Deferred Amount:					
For Issuance Premiums	965,331	-	6,220	959,111	6,386
For Issuance Discounts	(12,377)	-	(7,558)	(4,819)	(4,633)
Total Bond Payable	54,799,708	-	1,630,416	53,169,292	1,691,753
Compensated Absences	219,073	176,373	170,024	225,422	56,355
Business-Type Activities					
Long-Term Liabilities	<u>\$55,018,781</u>	<u>\$ 176,373</u>	<u>\$ 1,800,440</u>	<u>\$53,394,714</u>	<u>\$1,748,108</u>

The internal service fund serves predominantly the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end \$21,935 of compensated for the internal service fund is included in the above amounts. Also, for the governmental activities, capital leases and compensated absences are generally liquidated by the General Fund and the Motor Pool Internal Service Fund.

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

### **Component Units -**

#### Denham Springs Economic Development District:

The following is a summary of the changes in general long-term debt of the Denham Springs Economic Development District for the year ended June 30, 2018:

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Governmental Activities:					
2011A Series	\$ 26,560,000	\$ -	\$ 5,045,000	\$ 21,515,000	\$3,875,000
Long-Term Liabilities	\$ 26,560,000	\$ -	\$ 5,045,000	\$ 21,515,000	\$3,875,000

The District issued 2007A, 2007B and the 2007C Series bonds on March 1, 2007 with a maturity date of January 1, 2037. 2008 Series bond were issued on May 27, 2008 with a maturity date of January 1, 2037.

These bonds were issued for the purchase of 24 acres within the 75 acre District and for the construction of the “Bass Pro Shops” project and infrastructure. The bonds will be paid from the dedicated portion of the sale tax revenues generated from the District. Additional collateral for these bonds is limited to the “Bass Pro Shop” development and the City of Denham Springs has no liability for these bonds.

On July 16, 2009, the 2007 Series B Bonds and the 2008 Series Bonds were converted from taxable variable rate sales tax increment revenue bonds to non-taxable variable rate sales tax increment revenue bonds. In addition, the 2007 Series C Bonds were converted from taxable fixed rate subordinate sales tax increment bonds to non-taxable fixed rate subordinate sales tax increment bonds. The conversion was done in an effort to reduce future interest payments.

On December 22, 2011, the District issued \$30,000,000 Series 2011A and issued \$16,200,000 Series 2011B Sales Tax Increment Refunding Bonds for the purpose of advance refunding the outstanding balance of the Series 2007 and 2008 bonds and to amend and restate the trust indenture including changes to the interest rate, letter of credit, and remarketing requirements. This advance refunding was undertaken to decrease total debt service payments over the next 25 years by \$6,346,526 and resulted in an economic gain of \$6,560,010.

In accordance with the initial Trust Indenture on the Series 2011A and Series 2011B Bonds, the District entered into the First Supplemental Trust Indenture dated November 1, 2016 for the purpose of extending the Initial Bank Rate on the outstanding bonds. The interest bank rate with respect to the Series 2011A Bonds was defined as 3.09% through December 31, 2016, and 2.88% effective January 1, 2017 through the Initial Bank Rate Period which is the period from November 30, 2016 until the earliest to occur of the conversion of the Series



**CITY OF DENHAM SPRINGS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2018

2011A Bonds to a fixed rate or a weekly rate, or January 1, 2023. Also in accordance with the First Supplemental Trust Indenture after December 31, 2017, the District shall be required to redeem the Series 2011A bonds from excess revenues in the excess revenue account at least twice each calendar year. The interest bank rate with respect to the Series 2011B Bonds was not changed as a result of the First Supplemental Trust Indenture. The Series 2011B Bonds were redeemed in full as of April 30, 2017.

At June 30, 2018, long-term debt consists of the following Sales Tax Increment Revenue Bonds dated December 1, 2011 for the 2011A Series:

Series 2011A Sales Tax Increment  
Revenue Refunding Bonds with Interest  
Bank Rate of 2.88% through the Initial  
Bank Rate Period; Convertible to Fixed  
Rate or Weekly Rate on January 1, 2023  
with Final Maturity January 1, 2037 \$ 21,515,000

The annual requirements to amortize the bonds outstanding using estimated current interest rates of 2.88% for the Series 2011A is shown in the following schedule.

Year Ending June 30,	2011 Series A		
	Principal	Interest	Total
2019	\$ 3,875,000	\$ 555,588	\$ 4,430,588
2020	885,000	501,660	1,386,660
2021	930,000	475,848	1,405,848
2022	975,000	448,740	1,423,740
2023	1,025,000	420,300	1,445,300
2024-2028	5,945,000	1,622,412	7,567,412
2029-2033	7,590,000	664,200	8,254,200
2034-2037	290,000	6,264	296,264
Total	<u>\$21,515,000</u>	<u>\$ 4,695,012</u>	<u>\$26,210,012</u>

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

### Marshal of City Court of Denham Springs - Ward II:

The following is a summary of the changes in general long-term debt of the Marshal of City Court of Denham Springs - Ward II for the year ended June 30, 2018:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Capital Leases	\$ 31,121	\$ -	\$ 12,874	\$ 18,247	\$ 11,582

### Capital Lease Payable.

The Marshal entered into a capital lease agreement on September 4, 2015 for financing the purchase of a 2015 Chevrolet Silverado. The lease requires monthly payments of principal and interest of \$967 for forty-eight months with a final payment due September 4, 2019. At June 30, 2018, the book value (net of depreciation) of the vehicle was \$18,354.

The Marshal entered into another capital lease agreement on January 31, 2017 for financing the purchase of a copier. The lease requires monthly payments of principal and interest of \$120 for sixty months with a final payment due March 1, 2022. At June 30, 2018, the book value (net of depreciation) of the vehicle was \$4,222.

The capital leases payable at June 30, 2018, are as follows:

<u>Description/Purpose</u>	<u>Original</u> <u>Lease</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Final</u> <u>Maturity</u>	<u>Balance</u> <u>June 30, 2018</u>
Capital lease to finance the purchase of a copier	\$ 6,666	2.90%	03/01/22	\$ 5,089
Capital lease to finance the purchase of a 2015 Chevrolet Silverado	\$ 42,355	4.55%	09/04/19	13,158
				<u>\$ 18,247</u>

Capital lease payments to maturity including interest requirements are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 11,582	\$ 540	\$ 12,122
2020	4,220	105	4,325
2021	1,381	53	1,434
2022	<u>1,064</u>	<u>15</u>	<u>1,079</u>
Total	<u>\$ 18,247</u>	<u>\$ 713</u>	<u>\$ 18,960</u>

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

**(10) Customers' Deposits -**

Meter deposits are paid by customers upon application for utility services and are returnable to them upon termination of service. Receipts from meter deposits are deposited in the Utility Operating Fund and refunds of deposits on termination of service are made from the same account.

The City has a certificate of deposit and a demand deposit account which is designated specifically for Customers' Deposits. At June 30, 2018, customers' deposits amounted to \$1,132,153 and the balances of the certificate of deposit and the demand deposit account for Customers' Deposits amounted to \$1,176,116 and are included as Restricted Assets on the Statement of Net Position.

**(11) Pension Plans -**

The City follows the requirements of GASB Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment to GASB 68*. These standards revise and establish new financial reporting requirements for governments that provide their employees with pension benefits. These standards require the City to record its proportionate share of each of the pension plans net pension liability and report the following disclosures:

**General Information about the Pension Plans**

***Plan Descriptions:***

**Municipal Employees' Retirement System of Louisiana**

All permanent employees working at least 35 hours per week, not covered by another pension plan, under age 60 at date of employment, and are paid wholly or in part from City funds are eligible to participate in the Municipal Employees Retirement System (MERS) - Plan "B". The Municipal Employees' Retirement System of Louisiana is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The MERS was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. MERS issues a publicly available financial report that can be obtained at [www.mersla.com](http://www.mersla.com).

**Municipal Police Employees' Retirement System**

The Municipal Police Employees' Retirement System (MPERS) is the administrator of a cost-sharing multiple-employer defined benefit pension plan. Membership in MPERS is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211- 11:2233. MPERS issues a publicly available financial report that can be obtained at [www.lampers.org](http://www.lampers.org).

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2018

#### **Firefighters' Retirement System**

The Firefighters' Retirement System (FRS) is the administrator of a cost-sharing multiple-employer defined benefit pension plan. Membership in FRS is a condition of employment for any full-time firefighters who earn more than \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the FRS. Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251- 11:2272. Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. FRS issues a publicly available financial report that can be obtained at [www.lafirefightersret.com](http://www.lafirefightersret.com).

#### **Louisiana State Employees' Retirement System**

The judge of the City Court of Denham Springs – Ward Two (component unit) is a member of the Louisiana State Employees' Retirement System (LASERS). The City pays a portion of his salary and related benefits. LASERS is a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS). Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at [www.lasersonline.org](http://www.lasersonline.org).

#### ***Benefits Provided:***

The following is a description of the plans and their benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

#### **Municipal Employees' Retirement System of Louisiana**

##### **1. Retirement**

Any member of Plan B who was hired before January 1, 2013 can retire providing the member meets one of the following criteria:

1. Any age with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.
3. Any age with ten (10) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) years creditable service at death of member.

Eligibility for Retirement for Plan B members hired on or after January 1, 2013 is as follows:

1. Age 67 with seven (7) or more years of creditable service.
2. Age 62 with ten (10) or more years of creditable service.
3. Age 55 with thirty (30) or more years of creditable service.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

4. Any age with twenty five (25) years of creditable service, exclusive of military service and unused sick leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's monthly average final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

#### **2. Survivor Benefits**

Upon death of any member of Plan B with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

#### **3. DROP Benefits**

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2018

#### **4. Disability Benefits**

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service in which he would receive a regular retirement under retirement provisions. A member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of thirty percent of his final average compensation or two percent of his final average compensation multiplied by his years of creditable service, whichever is greater; or an amount equal to two percent of the member's final average compensation multiplied by his years of creditable service, projected to his earliest normal retirement age.

#### **5. Cost of Living Increases**

MERS is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows MERS to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

#### **6. Deferred Benefits**

Plan B provides for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

### **Municipal Police Employees' Retirement System**

#### **1. Retirement, Survivor Benefits, and Disability Benefits**

##### **Membership Prior to January 1, 2013**

A member is eligible for regular retirement after he has been a member of MPERS and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2018

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

#### **Membership Commencing January 1, 2013**

Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of MPERS and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

## **2. Cost of Living Adjustments**

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year.

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2018

Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

#### **3. DROP Benefits**

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in MPERS is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty six months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into MPERS shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of MPERS's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the MPERS's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If the member elects a money market investment return, the funds are transferred to a government money market account.

#### **4. Initial Benefit Option Plan**

In 1999, the State Legislature authorized MPERS to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

### **Firefighters' Retirement System**

#### **1. Retirement**

Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3 1/3% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed



## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement. The options are as follows:

1. At death, their beneficiary will receive a lump sum payment based on the present value of the employee's annuity account balance.
2. At death, their beneficiary will receive a life annuity equal to the employee's reduced retirement allowance.
3. At death, their beneficiary will receive a life annuity equal to 1/2 of the employee's reduced retirement allowance.
4. Any other benefit certified by the actuary and approved by the Board of Trustees that will be equivalent in value to the employee's retirement allowance limited to a spouse and/or minor children.
5. The member can select a reduced option 2 benefit. However, if the beneficiary predeceases the retiree, the benefit will convert to the maximum. This option is limited to a spouse and/or minor children or handicapped children.
6. The member can select a reduced option 3 benefit. However, if the beneficiary predeceases the retiree, the benefit will convert to the maximum. This option is limited to a spouse and/or minor children.
7. The member can select to receive a guaranteed 2 1/2% COLA every year beginning when the member reaches age 55. In exchange for this COLA, the member takes an actuarially reduced benefit upon retirement.

#### **2. Death Benefits**

If an active employee dies and is not eligible for retirement, his survivors shall be paid:

1. If the employee is not eligible to retire and dies in the line of duty, their spouse will receive monthly, an annual benefit equal to 2/3 of the employee's average final compensation. If death is not in the line of duty, the spouse will receive monthly, an annual benefit equal to 3.0% of the member's average final compensation multiplied by his total years of service; however, the benefit shall not be less than 40.0%, or more than 60.0% of the employee's average final compensation.

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2018

2. Children of deceased employees will receive the greater of \$200 or 10.0% of the member's final average compensation per month until reaching the age of 18 or until the age of 22, if enrolled full time in an institution of higher education. The surviving totally physically handicapped or mentally retarded child of a deceased employee, regardless of age, shall receive the benefits as long as they are dependent on the surviving spouse.
3. If an employee, who is eligible to retire, dies before retiring, the designated beneficiary shall be paid under option 2, survivor benefit equal to member's benefit.

#### **3. Disability Benefits**

If an eligible member is officially certified as disabled by the State Medical Disability Board, he shall receive the greater retirement, if eligible for disability benefits as follows:

1. Any member totally disabled from injury received in the line of duty, shall be paid, on a monthly basis, an annual pension of 60.0% of the average final compensation being received at the time of the disability.
2. Any member of FRS who has become disabled or incapacitated because of continued illness or as a result of any injury received, even though not in the line of duty, and who has 5 years of creditable service, but is not eligible for retirement under the provisions of R. S. 11:2256 may apply for retirement under the provisions of R.S. 11:2258 and shall be retired on 75.0% of the retirement salary to which he would be entitled under R. S. 11:2256 if he were otherwise eligible there under or 25.0% of the member's average salary, whichever is greater.
3. Any retired member or DROP plan participant who becomes disabled for any reason provided for by law shall be permitted to apply for conversion of a service retirement to a service connected disability retirement under R.S. 11:2258(B)(1)(e).
4. Should a member who is on disability retirement die and leave a surviving spouse, the surviving spouse shall receive a benefit of \$200 per month. When the member takes disability retirement, he may, in addition, take an actuarially reduced benefit in which case the member's surviving spouse shall receive 50% of the disability benefit being paid immediately prior to the death of the disabled retiree. If the surviving spouse remarries prior to age 55, such benefits shall cease; however, the benefits shall resume upon subsequent divorce or death of the new spouse, and the approval of the board of trustees.

#### **4. DROP Benefits**

After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months.

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2018

Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to FRS cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or an annuity based on the deferred retirement option plan account balance in addition to his regular monthly benefit.

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to FRS. No payments may be made from the deferred retirement option plan account until the participant retires.

#### **5. Initial Benefit Option**

Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

### **Louisiana State Employees' Retirement System**

#### **1. Retirement**

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The majority of LASERS rank and file members may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing five to ten years of creditable service depending on their plan. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement benefits under any one of six different options providing for reduced retirement benefits payable throughout their life, with certain benefits being paid to their designated beneficiary after their death.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges.

Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification but generally is ten years of service.

#### **2. Deferred Retirement Benefits**

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2018

interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

#### **3. Disability Benefits**

All members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age. Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees. For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

#### **4. Survivor's Benefits**

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

#### **5. Permanent Benefit Increases/Cost of Living Adjustments**

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs), that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

#### ***Contributions:***

##### **Municipal Employees' Retirement System of Louisiana**

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2018, the employer contribution rate was 13.25% and the employee rate was 5% for Plan B. Contributions to MERS from the City were \$419,393 for the year ended June 30, 2018.

In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. The amount of non-employer contributions recognized as revenue in the government-wide governmental activities statement of activities was \$117,343 for the year ended June 30, 2018.

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2018

#### **Municipal Police Employees' Retirement System**

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2018, the employer contribution rate was 30.75% and the employee rate was 10% for hazardous duty members. The employer contribution rate was 30.75% and the employee rate was 8% for non-hazardous duty members. Contributions to MPERS from the City were \$505,310 for the year ended June 30, 2018.

MPERS also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. The amount of non-employer contributions recognized as revenue in the government-wide governmental activities statement of activities was \$100,385 for the year ended June 30, 2018.

#### **Firefighters' Retirement System**

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2018, the employer contribution rate was 26.5% and the employee rate was 10%. Contributions to FRS from the City were \$326,833 for the year ended June 30, 2018.

FRS also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. The amount of non-employer contributions recognized as revenue in the government-wide governmental activities statement of activities was \$138,850 for the year ended June 30, 2018.

#### **Louisiana State Employees' Retirement System**

Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to LASERS by participating employers. The contribution rates in effect during the year ended June 30, 2018 for the plan were 11.5% for the employee and 40.1% for the employer.

The City's contractually required composite contribution rate for the year ended June 30, 2018 was 40.1% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Agency were \$10,346 for the year ended June 30, 2018.

**CITY OF DENHAM SPRINGS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2018

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

At June 30, 2018, the City reported a liability of \$11,598,828 for its proportionate share of the net pension liability of MERS, MPERS, FRS, and LASERS combined. For all plans, the net pension liability was measured as of June 30, 2017 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 plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportion at June 30, 2017 and change in proportion measured as of June 30, 2016 is as follows:

<u>Plan</u>	<u>Proportion at June 30, 2017</u>	<u>Change in Proportion</u>
MERS	4.34626%	-0.41934%
MPERS	0.52585%	-0.08100%
FRS	0.54858%	-0.02506%
LASERS	0.00146%	0.00001%

For the year ended June 30, 2018, the City recognized pension expense as follows:

<u>Plan</u>	<u>Pension Expense</u>
MERS	\$ 637,404
MPERS	365,422
FRS	496,143
LASERS	10,027
	<u>\$ 1,508,996</u>

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>LASERS</u>	<u>Total</u>
Deferred Outflows of Resources:					
Differences between expected and actual Experience	\$ 19,699	\$ 30,061	\$ -	\$ -	\$ 49,760
Changes in Assumptions	165,579	326,665	131,516	407	624,167
Net difference between projected and actual earnings on pension plan investments	792,326	200,970	270,508	3,351	1,267,155
Changes in proportion and differences between Employer contributions and proportionate share of contributions	24,264	63,411	148,192	1,809	237,676
Employer contributions subsequent to the measurement date	419,393	505,310	326,833	10,346	1,261,882
Total Deferred Outflows of Resources	<u>\$ 1,421,261</u>	<u>\$ 1,126,417</u>	<u>\$ 877,049</u>	<u>\$ 15,913</u>	<u>\$ 3,440,640</u>
Deferred Inflows of Resources:					
Differences between expected and actual Experience	\$ 81,636	\$ 35,287	\$ 175,353	\$ 1,891	\$ 294,167
Changes in Assumptions	-	-	750	-	750
Net difference between projected and actual earnings on pension plan investments	-	-	-	-	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	314,957	570,719	467,017	279	1,352,972
Total Deferred Inflows of Resources	<u>\$ 396,593</u>	<u>\$ 606,006</u>	<u>\$ 643,120</u>	<u>\$ 2,170</u>	<u>\$ 1,647,889</u>

\$1,261,882 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 June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:



# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

<u>Year ended June 30:</u>	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>LASERS</u>	<u>Total</u>
2019	\$ 251,216	\$ 49,022	\$ 61,713	\$ 983	\$ 362,934
2020	205,735	64,386	115,881	3,147	389,149
2021	112,679	9,411	(4,136)	1,341	119,295
2022	35,645	(107,718)	(193,173)	(2,074)	(267,320)
2023	-	-	(61,907)	-	(61,907)
Thereafter	-	-	(11,282)	-	(11,282)
	<u>\$ 605,275</u>	<u>\$ 15,101</u>	<u>\$ (92,904)</u>	<u>\$ 3,397</u>	<u>\$ 530,869</u>

### ***Actuarial Assumptions:***

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 for all plans are as follows:

	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>LASERS</u>
Inflation	2.775%	2.70%	2.775%	3.00%
Investment rate of return	7.40%	7.325%	7.40%	7.70%
Salary increases	5.0% including inflation & merit	Vary from 9.75% in first year of service to 4.25% after 23 years	Vary from 15% in first 2 years of service to 4.75% after 25 years	2.8% to 5.3%

For MERS, the annuitant and beneficiary mortality rates were based on the RP-2000 Healthy Annuitant Sex Distinct Mortality Table for healthy annuitants (set forward 2 years for male and 1 year for females projected to 2028 using scale AA), the RP-2000 Healthy Annuitant Sex Distinct Table for employee mortality (set back 2 years for male and females), and RP-2000 Disabled Lives Mortality Table for disabled annuitants (set back 5 years for males and 3 years for females).

For MPERS, the mortality rates were based on the RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries, RP-2000 Disabled Lives Table for disabled annuitants (set back 5 years for males and 3 years for females), and RP-2000 Employee Table for active members (set back 4 years for males and 3 years for females).

For FRS, mortality assumptions were set after reviewing an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The pre and post-mortality life expectancies of participants based on the RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 by Scale AA for employee, annuitant and beneficiary mortality, and the RP-2000 Disabled Lives Table for disabled annuitants (set back 5 years for males and 3 years for females).

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

For LASERS, mortality rates were based on RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015 for non-disabled members; and RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement was selected for disabled members.

For all plans' cost of living adjustments, the present value of future retirement benefits is based on benefits currently being paid by the Systems and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.

For MERS, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. Best estimates of arithmetic real rates of return for each major asset class included in the MERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	50%	2.30%
Public Fixed Income	35%	1.60%
Alternative	15%	0.70%
Total	100%	4.60%
Inflation		2.60%
Expected Arithmetic Nominal Return		7.20%

For MPERS, the forecasted 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 resulting forecasted long-term rates of return is 8.19% for the year ended June 30, 2017. Best estimates of arithmetic real rates of return for each major asset class included in the MPERS's target asset allocation as of June 30, 2017 are summarized in the following table:

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Long-Term Expected Portfolio Real Rate of Return</b>
Equity	53%	3.66%
Fixed Income	21%	0.52%
Alternative	20%	1.10%
Other	6%	0.16%
Total	100%	5.44%
Inflation		2.75%
Expected Arithmetic Nominal Return		8.19%

For FRS, the forecasted 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 resulting forecasted long-term rates of return is 8.29% for the year ended June 30, 2017. Best estimates of arithmetic real rates of return for each major asset class included in the FRS's target asset allocation as of June 30, 2017 are summarized in the following table :

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Long-Term Expected Portfolio Real Rate of Return</b>
Fixed Income	23%	2.04%
Equity:		
U.S. Equity	27%	6.15%
Non-U.S. Equity	20%	7.45%
Global Equity	10%	6.85%
Alternative:		
Real Estate	6%	4.62%
Private Equity	4%	8.73%
Multi-Asset Strategies:		
Global Tactical Asset Allocation	5%	4.40%
Risk Parity	5%	4.79%
Total	100%	

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

For LASERS the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate 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 geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Portfolio Real Rate of Return</u>
Cash	0%	(0.24%)
Domestic Equity	25%	4.31%
International equity	32%	5.35%
Domestic Fixed Income	8%	1.73%
International Fixed Income	6%	2.49%
Alternative Investments	22%	7.41%
Global Asset Allocation	7%	2.84%
Total	100%	5.26%

#### ***Discount Rate***

For MERS and FRS, the discount rate used to measure the total pension liability was 7.40% which was a decrease of .10% from the prior measurement date of June 30, 2016. For MPERS, the discount rate used to measure the total pension liability was 7.325% which was a decrease of .125% from the prior measurement date of June 30, 2016. The discount rate used to measure the total pension liability was 7.70% for LASERS which was a decrease of .05% from the prior measurement date of June 30, 2016. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers and non-employer contributing entities will be made at actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive 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.

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

### ***Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the City's proportionate share of the net pension liability calculated using the current discount rate, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate as of June 30, 2017 for MERS, MPERS, FRS, and LASERS:

<b>MERS:</b>	Changes in Discount Rate		
	Plan B:		
	1% Decrease	Current Discount	1% Increase
	6.40%	7.40%	8.40%
Net pension liability (asset)	\$ 4,865,698	\$ 3,760,529	\$ 2,817,415
<b>MPERS:</b>	Changes in Discount Rate		
	Current		
	1% Decrease	Discount	1% Increase
	6.325%	7.325%	8.325%
Net pension liability (asset)	\$ 6,342,725	\$ 4,590,865	\$ 3,121,184
<b>FRS:</b>	Changes in Discount Rate		
	Current		
	1% Decrease	Discount	1% Increase
	6.40%	7.40%	8.40%
Net pension liability (asset)	\$ 4,518,374	\$ 3,144,395	\$ 1,989,368
<b>LASERS:</b>	Changes in Discount Rate		
	Current		
	1% Decrease	Discount	1% Increase
	6.70%	7.70%	8.70%
Net pension liability (asset)	\$ 129,366	\$ 103,039	\$ 80,673

### ***Pension Plans Fiduciary Net Position***

MERS issued a stand-alone audit report on its financial statements for the year ended June 30, 2017. Access to the audit report can be found on the System's website: [www.mersla.com](http://www.mersla.com) or on the Office of Louisiana Legislative Auditor's official website: [www.lla.state.la.us](http://www.lla.state.la.us).

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2018

MEPRS issued a stand-alone audit report on its financial statements for the year ended June 30, 2017. Access to the audit report can be found on the System's website: [www.lampers.org](http://www.lampers.org) or on the Office of Louisiana Legislative Auditor's official website: [www.la.state.la.us](http://www.la.state.la.us).

FRS issued a stand-alone audit report on its financial statements for the year ended June 30, 2017. Access to the audit report can be found on the System's website: [www.lafirefightersret.com](http://www.lafirefightersret.com) or on the Office of Louisiana Legislative Auditor's official website: [www.la.state.la.us](http://www.la.state.la.us).

Detailed information about LASERS' pension plan's fiduciary net position is available in the separately issued LASERS 2017 Comprehensive Annual Financial Report at [www.lasersonline.org](http://www.lasersonline.org) or on the Office of Louisiana Legislative Auditor's official website: [www.la.state.la.us](http://www.la.state.la.us).

#### **Payables to the Pension Plans**

At June 30, 2018 included in liabilities are payables to the pension plans as follows: MERS \$44,267, MPERS \$51,036, FRS \$34,360, and LASERS \$1,830. These payables are normal legally required contributions to the pension plans.

#### **Component Units -**

City Court of Denham Springs – Ward Two and Marshal of City Court of Denham Springs – Ward Two

#### **General Information about the Pension Plans**

##### ***Plan Descriptions:***

#### **Parochial Employees Retirement System of Louisiana**

Employees of the City Court of Denham Springs – Ward Two (the Court) and the Marshal of City Court of Denham Springs – Ward Two (the Marshal) may elect to be members of the Parochial Employees' Retirement System (PERS) - Plan "B", a cost-sharing multiple-employer defined benefit plan administered by the Parochial Employees' Retirement System of Louisiana. PERS was established and provided for by R.S. 11:1901 of the Louisiana Revised Statute. PERS – Plan "B" was designed for those employers that contribute to Social Security. PERS issues a publicly available financial report that can be obtained at [www.persla.org](http://www.persla.org).

#### **Louisiana State Employees' Retirement System**

The judge of the City Court of Denham Springs – Ward Two is a member of the Louisiana State Employees' Retirement System (LASERS). See pages 93 to 96 for plan description and benefits provided by LASERS.

# **CITY OF DENHAM SPRINGS**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2018

### ***Benefits Provided:***

The following is a description of the PERS and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

### **Parochial Employees Retirement System of Louisiana**

#### **1. Retirement**

All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate. As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System. Any member of Plan B can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

- 1 - Age 55 with thirty (30) years of creditable service.
- 2 - Age 60 with a minimum of ten (10) years of creditable service.
- 3 - Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

- 1 - Age 55 with thirty (30) years of creditable service.
- 2 - Age 62 with a minimum of ten (10) years of creditable service.
- 3 - Age 67 with a minimum of seven (7) years of creditable service

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the members' final average compensation multiplied by his years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

#### **2. Survivor Benefits**

Plan B members need ten (10) years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty (20) or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50 and until remarriage, if the remarriage occurs before age 55.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2018

#### **3. Deferred Retirement Option Plan**

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date. For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

#### **4. Disability Benefits**

For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of an amount equal to two percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

#### **5. Cost of Living Increases**

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal



## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

#### ***Contributions:***

##### **Parochial Employees Retirement System of Louisiana**

According to state statute, contributions for all employers are actuarially determined each year. The required contribution rate for the period July 1, 2017 to December 31, 2017 was 8% and was 7.5% for the period January 1, 2018 to June 30, 2018. Employees were required to contribute 3% of their annual salary for both periods. Contributions to PERS from the Court were \$14,864 for the year ended June 30, 2018.

According to state statute, PERS also receives  $\frac{1}{4}$  of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. PERS also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. For the Court, the amount of non-employer contributions recognized as revenue in the government-wide governmental activities statement of activities was \$3,551 for the year ended June 30, 2018. For the Marshal, the amount of non-employer contributions recognized in the government-wide governmental activities statement of activities was \$1,840 for the year ended June 30, 2018.

##### **Louisiana State Employees' Retirement System**

Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to LASERS by participating employers. The contribution rates in effect during the year ended June 30, 2018 for the plan for judges hired before January 1, 2011 were 11.5% for the employee and 40.1% for the employer. The status of the plan for judges hired before January 1, 2011 is closed.

The Court's contractually required composite contribution rate for the year ended June 30, 2018 was 40.1% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contributions to the pension plan from the Court were \$27,908 for the year ended June 30, 2018.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

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

At June 30, 2018, the Court reported a net pension asset of \$35,183 for its proportionate share of PERS and a net pension liability of \$268,883 for its proportionate share of LASERS. At June 30, 2018, the Marshal reported a net pension asset of \$18,036 for its proportionate share of the net pension liability of PERS. For PERS, the net pension liability was measured as of December 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For LASERS, the net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Court and the Marshal's proportion of the net pension liability was based on a projection of the Court and the Marshal's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2017, the Court's proportion was .279627% for PERS which was a decrease of .000143% from its proportion measured as of December 31, 2016. At June 30, 2017, the Court's proportion was .003820% for LASERS which was an increase of .00006% from its proportion measured as of June 30, 2016. At December 31, 2017, the Marshal's proportion was .14494% for PERS which was a decrease of .0434% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the Court recognized pension expense of \$22,731 for PERS and \$23,720 for LASERS. For the year ended June 30, 2018, the Marshal recognized pension expense of \$11,436 for PERS.

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

At June 30, 2018, the Court and the Marshal reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City Court of Denham Springs - Ward Two			Marshal City Court of Denham Springs - Ward Two
	PERS	LASERS	Total	PERS
Deferred Outflows of Resources:				
Differences between expected and actual Experience	\$ -	\$ -	\$ -	\$ -
Changes in Assumptions	20,701	1,062	21,763	10,729
Net difference between projected and actual earnings on pension plan investments	-	8,741	8,741	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	235	13,057	13,292	710
Employer contributions subsequent to the measurement date	7,053	35,993	43,046	8,371
Total Deferred Outflows of Resources	<u>\$ 27,989</u>	<u>\$ 58,853</u>	<u>\$ 86,842</u>	<u>\$ 19,810</u>
	City Court of Denham Springs - Ward Two			Marshal City Court of Denham Springs - Ward Two
	PERS	LASERS	Total	PERS
Deferred Inflows of Resources:				
Differences between expected and actual Experience	\$ 18,323	\$ 4,932	\$ 23,255	\$ 9,497
Net difference between projected and actual earnings on pension plan investments	41,409	-	41,409	21,463
Changes in proportion and differences between Employer contributions and proportionate share of contributions	3,872	-	3,872	-
Total Deferred Inflows of Resources	<u>\$ 63,604</u>	<u>\$ 4,932</u>	<u>\$ 68,536</u>	<u>\$ 30,960</u>

\$43,046 and \$8,371 reported as deferred outflows of resources related to pensions resulting from the Court and the Marshal's, respectively, contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

Year ended June 30:	City Court of Denham Springs - Ward Two			Marshal City Court of Denham Springs - Ward Two
	PERS	LASERS	Total	PERS
2019	\$ (6,973)	\$ 14,392	\$ 7,419	\$ (2,867)
2020	(16,693)	10,029	(6,664)	(7,983)
2021	(19,002)	(6,493)	(25,495)	(8,671)
	<u>\$ (42,668)</u>	<u>\$ 17,928</u>	<u>\$ (24,740)</u>	<u>\$ (19,521)</u>

### Actuarial Assumptions:

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2017 for PERS and as of June 30, 2017 for LASERS are as follows:

	PERS	LASERS
Inflation	2.50%	2.75%
Investment rate of return	6.75% (net of investment expense)	7.70%
Salary increases	5.25% including	3% to 5.5%

For PERS, mortality rates were based on RP-2000 Employee Sex Distinct Table for employees, RP-2000 Healthy Annuitant Sex Distinct Tables were selected for annuitants and beneficiaries; and RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants. For LASERS, mortality rates were based on RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015 for non-disabled members; and RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement was selected for disabled members.

For PERS and LASERS' cost of living adjustments, the present value of future retirement benefits is based on benefits currently being paid by the Systems and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

For PERS, the long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates 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 rates 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 of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.62% for the year ended December 31, 2017. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2017 are summarized in the following table:

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Expected Portfolio Real Rate of Return</b>
Fixed Income	35%	1.24%
Equity	52%	3.57%
Alternative	11%	0.69%
Real Assets	2%	0.12%
Total	100%	5.62%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.62%

For LASERS the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate 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 geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

**CITY OF DENHAM SPRINGS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2018

<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
Cash	0%	(0.24%)
Domestic Equity	25%	4.31%
International equity	32%	5.35%
Domestic Fixed Income	8%	1.73%
International Fixed Income	6%	2.49%
Alternative Investments	22%	7.41%
Global Asset Allocation	7%	2.84%
Total	100%	5.26%

***Discount Rate***

For PERS, the discount rate used to measure the total pension liability was 6.75% which was a decrease of .25% from the prior measurement date of December 31, 2016. For LASERS, the discount rate used to measure the total pension liability was 7.70% which was a decrease of .05% from the prior measurement date of June 30, 2016. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers and non-employer contributing entities will be made at actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive 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 of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the Court and the Marshal's proportionate share of the net pension liability calculated using the current discount rate, as well as what the Court and Marshal's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate as of December 31, 2017 for PERS and as of June 30, 2017 for LASERS:

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

### City Court of Denham Springs – Ward Two

<b>PERS:</b>	Changes in Discount Rate		
	Plan B:		
	Current		
	1% Decrease	Discount	1% Increase
	<u>5.75%</u>	<u>6.75%</u>	<u>7.75%</u>
Net pension liability (asset)	\$ 74,969	\$ (35,183)	\$ (128,099)

<b>LASERS:</b>	Changes in Discount Rate		
	Current		
	1% Decrease	Discount	1% Increase
	<u>6.70%</u>	<u>7.70%</u>	<u>8.70%</u>
Net pension liability (asset)	\$ 337,464	\$ 268,883	\$ 210,443

### Marshal of City Court of Denham Springs – Ward Two

<b>PERS:</b>	Changes in Discount Rate		
	Plan B:		
	Current		
	1% Decrease	Discount	1% Increase
	<u>5.75%</u>	<u>6.75%</u>	<u>7.75%</u>
Net pension liability (asset)	\$ 38,857	\$ (18,036)	\$ (66,396)

### ***Pension Plans Fiduciary Net Position***

PERS issued a stand-alone audit report on its financial statements for the year ended December 31, 2017. Access to the audit report can be found on the System's website: [www.persla.org](http://www.persla.org) or on the Office of Louisiana Legislative Auditor's official website: [www.la.state.la.us](http://www.la.state.la.us).

Detailed information about LASERS' pension plan's fiduciary net position is available in the separately issued LASERS 2017 Comprehensive Annual Financial Report at [www.lasersonline.org](http://www.lasersonline.org) or on the Office of Louisiana Legislative Auditor's official website: [www.la.state.la.us](http://www.la.state.la.us).

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2018

#### **Payables to the Pension Plans**

For the City Court of Denham Springs - Ward Two, included in liabilities is a payable in the amount of \$4,147 to PERS. This payable is normal legally required contributions to the pension plan. There is no payable to LASERS at June 30, 2018.

For the Marshal of City Court for Denham Springs – Ward Two, there is no payable to PERS at June 30, 2018.

#### **(12) Deferred Compensation Plan -**

The City offers its employees a deferred compensation plan created in accordance with Louisiana Revised Statutes 42:1301 through 42:1308 and Section 457 of the Internal Revenue Code of 1954. The Louisiana Public Employees' Deferred Compensation Plan is available to all employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. In accordance with the amended provisions of Internal Revenue Code Section 457 which were enacted into law in August 1996, all amounts deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights, are solely the property and rights of the participants and their beneficiaries. As required by the amendment to the code, the City established a custodial account with a third party administrator who will hold the assets and income of the plan.

Under GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans", governments who have no responsibility for the plan and are not formally considered the plan's trustee are not required to report the plan in its financial statements. Since the City's plan is held in a custodial account with a third party administrator, the assets and liabilities are not presented in the City's financial statements as of June 30, 2018.

At June 30, 2018, assets totaling \$1,095,979 are held by Great West Life & Annuity Insurance Company, a deferred compensation center.

Compensation deferred under this plan for the fiscal year ended June 30, 2018, amounted to \$51,410.

#### **(13) Litigation -**

The City is a defendant in several lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City of Denham Springs.



## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

**(14) Intergovernmental Revenue -**

GASB No. 24 requires government employers to disclose the amount recognized in the financial statements for on-behalf payments of salaries and fringe benefits.

Supplementary salary payments are made by the State of Louisiana directly to certain groups of the City's employees. The City is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contribution made by the State. For the fiscal year ended June 30, 2018, the State paid supplemental salaries to the City's fire and law enforcement employees in the amount of \$340,536.

**(15) Risk Management -**

The City is exposed to various risks of loss related to torts theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City maintains commercial insurance for all risks of loss, including (1) Worker's Compensation, (2) Public Official Bonds and Employees Liability, (3) Business Auto Liability, (4) Umbrella coverage, (5) Law Enforcement Professional Liability, (6) Fire and Extended coverage and (7) Flood Insurance.

**(16) Mayor and Council Members' Compensation -**

The following list includes the compensation paid to the Mayor and Council Members for the year ended June 30, 2018. The current terms of the Mayor and Council Members expire on December 31, 2018.

H. Gerard Landry, Mayor 209 N. College Street East Denham Springs, Louisiana 70726 Telephone: 665-8121 - Term Began: January 1, 2015	\$ 80,340
Lori Lamm-Williams, Council Member 1565 River Run Drive Denham Springs, Louisiana 70726 Telephone: 445-0273 - Term Began: January 1, 2015	\$ 12,000
Jeffery Wesley, Council Member 340 Pine Street Denham Springs, Louisiana 70726 Telephone: 921-4306 - Term Began: January 1, 2015	\$ 12,000
Renee Delahoussaye, Council Member 211 Centerville Street, NE Denham Springs, Louisiana 70726 Telephone: 278-0076 - Term Began: January 1, 2015	\$ 12,000

(CONTINUED)

**CITY OF DENHAM SPRINGS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2018

Robert Poole, Council Member	\$ 12,000
1403 Weeping Willow Drive	
Denham Springs, Louisiana 70726	
Telephone: 939-3526 - Term Began: January 1, 2015	
Arthur Perkins, Council Member	\$ 5,000
906 Hatchell Lane	
Denham Springs, Louisiana 70726	
Telephone: 445-1469 – Appointed Ended: December 12, 2017	
Laura Schmitt Smith, Council Member	\$ 7,000
448 Centerville Street, NE Hatchell Lane	
Denham Springs, Louisiana 70726	
Telephone: 445-1469 – Term Began: December 12, 2017	

**(17) Schedule of Compensation, Benefits and Other Payments to Mayor -**

In accordance with Louisiana Revised Statute 24:513A, the following is a Schedule of Compensation and Benefits received by H. Gerard Landry, Mayor, the acting agency head for the year ended June 30, 2018:

<u>Purpose</u>	<u>H. Gerard Landry</u>
Salary	\$ 80,340
Benefits-insurance	8,918
Benefits-retirement	10,645
Vehicle provided by government	750
Reimbursements	-
Travel	379
Registration fees	90
Conference travel	-
	<u>\$ 101,122</u>

**CITY OF DENHAM SPRINGS**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

**(18) Schedule of Business-Type Activities Net Income (Loss) from Operations  
by Department for the Fiscal Year Ended June 30, 2018 -**

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Utility Enterprise Fund</u>	<u>Denham Springs Sewer District Number 1</u>
<b>Operating Revenues:</b>						
Charges for Services	\$ 3,949,626	\$ 3,019,982	\$ 2,088,902	\$ 708,881	\$ 9,767,391	\$ 1,064,155
Delinquent Charges	77,592	59,328	41,037	13,926	191,883	-
Miscellaneous	-	107,859	105	-	107,964	-
Total Operating Revenues	4,027,218	3,187,169	2,130,044	722,807	10,067,238	1,064,155
<b>Operating Expenses:</b>						
Direct	2,012,412	1,463,773	2,110,190	728,117	6,314,492	968,412
General and Administrative	653,794	662,976	760,169	110,186	2,187,125	98,332
Total Operating Expenses	2,666,206	2,126,749	2,870,359	838,303	8,501,617	1,066,744
Operating Income (Loss) by Department	1,361,012	1,060,420	(740,315)	(115,496)	1,565,621	(2,589)
Nonoperating Revenues	24,562	29,127	28,494	-	82,183	10,806
Nonoperating Expenses	(107,984)	(236,130)	(697,300)	-	(1,041,414)	(959,995)
Capital Contributions	-	-	62,512	-	62,512	257,939
Change in Net Position					668,902	(693,839)
Business-Type Activities Departmental Net Income (Loss)	<u>\$ 1,277,590</u>	<u>\$ 853,417</u>	<u>\$ (1,346,609)</u>	<u>\$ (115,496)</u>		
Change in Net Position Business-Type Activities					<u>\$ 668,902</u>	<u>\$ (693,839)</u>

**CITY OF DENHAM SPRINGS**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

**(19) Schedule of Business-Type Activities Operating Expenses by Department  
for the Fiscal Year Ended June 30, 2018 -**

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Utility Enterprise Fund</u>	<u>Denham Springs Sewer District Number 1</u>
<b>Direct Expenses:</b>						
Natural Gas Purchases	\$ 937,678	\$ -	\$ -	\$ -	\$ 937,678	\$ -
Direct Labor	455,650	463,957	523,589	-	1,443,196	-
Chlorinator Expense	-	28,455	-	-	28,455	-
Depreciation	160,916	523,746	1,030,942	2,319	1,717,923	470,099
Utilities	6,378	116,195	243,878	-	366,451	107,882
Equipment Expenses	56,859	23,655	100,285	-	180,799	-
Equipment Rental	5,524	22,566	22,190	-	50,280	114
Lab Fees	-	-	50,084	-	50,084	18,612
Maintenance	281,545	154,399	345,098	-	781,042	158,548
Meter Reading	99,523	121,640	-	-	221,163	-
Meter Repairs	225	-	-	-	225	-
Overhead Allocation	-	-	(213,157)	-	(213,157)	213,157
Small Tools and Supplies	8,114	9,160	7,281	-	24,555	-
Subcontract Disposal Service	-	-	-	725,798	725,798	-
	<u>2,012,412</u>	<u>1,463,773</u>	<u>2,110,190</u>	<u>728,117</u>	<u>6,314,492</u>	<u>968,412</u>
<b>General and Administrative Expenses:</b>						
Office Salaries	107,921	147,082	61,952	59,836	376,791	27,286
Payroll Taxes, Retirement and Group Insurance	257,105	272,010	267,935	26,262	823,312	11,976
Utilities	10,341	339	142	137	10,959	64
Flood Expenses	15,335	74,369	201,631	-	291,335	518
Maintenance and Repairs	5,806	-	2,158	-	7,964	-
Insurance	94,823	69,147	72,669	3,761	240,400	544
Miscellaneous	79,176	21,158	89,985	4,318	194,637	21,610
Office Expense	23,051	21,727	19,374	217	64,369	1,474
Professional Fees	21,011	21,503	13,369	7,757	63,640	31,258
Telephone	25,236	16,576	22,924	142	64,878	65
Bad Debts	13,989	19,065	8,030	7,756	48,840	3,537
	<u>653,794</u>	<u>662,976</u>	<u>760,169</u>	<u>110,186</u>	<u>2,187,125</u>	<u>98,332</u>
Total Operating Expenses	<u>\$ 2,666,206</u>	<u>\$ 2,126,749</u>	<u>\$ 2,870,359</u>	<u>\$ 838,303</u>	<u>\$ 8,501,617</u>	<u>\$ 1,066,744</u>

**CITY OF DENHAM SPRINGS**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

**(20) Schedule of Business-Type Activities Operating Expenses by  
Function for the Fiscal Year Ended June 30, 2018 -**

	Total Utility Enterprise Fund	Denham Springs Sewer District Number 1
<b>Personal Services and Benefits:</b>		
Direct Labor	\$ 1,443,196	\$ -
Office Salaries	376,791	27,286
Payroll Taxes, Retirement and Group Insurance	823,312	11,976
	<hr/> 2,643,299	<hr/> 39,262
<b>Contractual Services:</b>		
Chlorinator Expense	28,455	-
Equipment Rental	50,280	114
Lab Fees	50,084	18,612
Meter Reading	221,163	-
Subcontract Disposal Service	725,798	-
Professional Fees	63,640	31,258
	<hr/> 1,139,420	<hr/> 49,984
<b>Cost of Materials:</b>		
Natural Gas Purchases	937,678	-
<b>Utilities:</b>		
Utilities (Direct)	366,451	107,882
Utilities (General)	10,959	64
Telephone	64,878	65
	<hr/> 442,288	<hr/> 108,011
<b>Repair and Maintenance:</b>		
Equipment Expenses	180,799	-
Flood Expenses	291,335	518
Maintenance	781,042	158,548
Meter Repairs	225	-
Maintenance and Repairs	7,964	-
	<hr/> 1,261,365	<hr/> 159,066
<b>Supplies:</b>		
Small Tools and Supplies	24,555	-
Office Expense	64,369	1,474
Miscellaneous	194,637	21,610
	<hr/> 283,561	<hr/> 23,084
<b>Insurance</b>	240,400	544
<b>Depreciation</b>	1,717,923	470,099
<b>Overhead Allocation</b>	(213,157)	213,157
<b>Bad Debts</b>	48,840	3,537
	<hr/> \$ 8,501,617	<hr/> \$ 1,066,744
Total Operating Expenses	<hr/> <hr/>	<hr/> <hr/>

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

#### **(21) Cooperative Endeavor Agreement -**

Under the provisions of LA. R.S. 33:9038 Sales Tax Increment Financing, a cooperative endeavor agreement dated December 15, 2006 was made by and among Denham Springs Economic Development District (the "District"), Denham Springs Economic Development Corporation (the "Corporation"), City of Denham Springs, State of Louisiana (the "City"), Law Enforcement District of the Parish of Livingston, State of Louisiana (the "Law Enforcement District"), Livingston Parish School Board, both in its capacity as a Participating Tax Recipient Entity (the "School Board") and its capacity as the Tax Collector for Sales and Use Taxes in the District (the "Tax Collector"), Parish of Livingston, State of Louisiana (the "Parish"), Special Sales Tax District No. 1 of the Parish of Livingston, State of Louisiana (the "School District"), Gravity Drainage District No. 1 of the Parish of Livingston, State of Louisiana (the "Gravity Drainage District") and The State of Louisiana (the "State"), acting by and through the Louisiana Department of Revenue (the "Department").

Pursuant to this Cooperative Endeavor Agreement, the Participating Tax Recipient Entities and the State have pledged and dedicated and will irrevocably pledge and dedicate an amount of Annual Pledged Local Increment and Annual Pledged State Increment to pay the annual principal of, premium, if any, and interest on the Bonds. The District used a portion of the proceeds of the Bonds to purchase the Bass Pro Site, which then has been leased by the District to the Corporation. The District shall deposit a portion of the proceeds of the Bonds to the Project Fund held by the Paying Agent/Trustee to pay Project Costs. The Corporation will contract for and monitor construction of the Project and sublease the Bass Pro Site and Facilities to Bass Pro Denham Springs Development Company, LLC. The Corporation will mortgage its leasehold interest in the Bass Pro Site and Facilities in favor of the Paying Agent/Trustee for the benefit of bondholders.

In consideration of the mutual covenants contained, the parties covenant and agree to pledge and dedicate pursuant to the agreement their agreed upon percentages of the sales tax collected within the District as follows:

<u>Entity</u>	<u>Sales and Use Tax Percent</u>	<u>Percent of Sales Tax Pledged to District</u>
City of Denham Springs	1.50%	71.42857%
Livingston Parish		
Law Enforcement District	.50%	71.42857%
Livingston Parish		
School Board - General Fund	1.00%	100.00000%
Livingston Parish		
School Board - 2 <sup>nd</sup> Sales Tax	1.00%	0.00000%
Livingston Parish School Board - District #1	.50%	100.00000%

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

<u>Entity</u>	<u>Sales and Use Tax Percent</u>	<u>Percent of Sales Tax Pledged to District</u>
Livingston Parish Council	1.00%	71.42857%
Livingston Parish Gravity Drainage District #1	.50%	71.42857%
State of Louisiana	<u>4.00%</u>	50.00000%
	<u>10.00%</u>	

In addition, while each of the local entities pledge their sales tax revenues until the bonds are paid in full, the State of Louisiana pledged their participation for not more than 20 years from date of closing on the bonds and not to exceed \$1,500,000 per year. The bonds issued March 20, 2007 and May 27, 2008, each have a maturity schedule of 30 years or fiscal year ending June 30, 2037. The 2007 and 2008 bonds were refunded with the 2011 refunding bonds issued on December 22, 2011 which have the same maturity date as the refunded bonds or fiscal year ending June 30, 2037. No participating local tax recipient entity shall be required to pledge or pay more than the annual pledged local increment attributable to it during any year of the term of the agreement. The term of this agreement shall be effective upon execution by all parties hereto and shall terminate upon the earlier of (i) payment in full by the District of all principal, interest, premium, if any, and other requirements of the bonds or (ii) the final maturity date of the Bonds, which date shall not be extended beyond that final maturity date initially set forth in the Indenture without the prior written consent of all Participating Tax Recipient Entities.

For the year ended June 30, 2018, the City abated sales taxes totaling \$1,173,587 under this cooperative endeavor agreement.

#### **(22) Subsequent Event -**

Management has evaluated subsequent events through December 26, 2018, the date which the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**



## CITY OF DENHAM SPRINGS

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY BY PLAN

FOR THE YEAR ENDED JUNE 30, 2018\*

<u>Fiscal Year</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
<b><u>Primary Government</u></b>					
<b><u>Municipal Employees' Retirement System of Louisiana:</u></b>					
2015	5.06169%	\$ 2,376,447	\$ 3,557,043	66.81%	76.94%
2016	5.24720%	3,566,246	3,640,848	97.95%	68.71%
2017	4.76559%	3,950,241	3,504,307	112.73%	63.34%
2018	4.34626%	3,760,529	3,226,030	116.57%	62.49%
<b><u>Municipal Police Employees' Retirement System:</u></b>					
2015	0.60299%	\$ 3,772,330	\$ 1,735,777	217.33%	75.10%
2016	0.63557%	4,979,059	1,698,319	293.18%	70.73%
2017	0.60684%	5,687,838	1,696,936	335.18%	66.04%
2018	0.52585%	4,590,865	1,565,808	293.19%	70.08%
<b><u>Firefighters' Retirement System:</u></b>					
2015	0.67926%	\$ 3,022,630	\$ 1,319,503	229.07%	76.02%
2016	0.63720%	3,439,056	1,354,171	253.96%	72.45%
2017	0.57365%	3,752,164	1,293,446	290.09%	68.16%
2018	0.54858%	3,144,395	1,280,871	245.49%	73.55%
<b><u>Louisiana State Employees' Retirement System:</u></b>					
2015	0.00143%	\$ 89,667	\$ 25,800	347.55%	65.02%
2016	0.00139%	94,692	25,800	367.02%	62.66%
2017	0.00146%	114,400	25,800	443.41%	57.73%
2018	0.00146%	103,039	25,800	399.38%	62.50%

\*For MERS, MPERS, FRS, and LASERS, the amounts presented have a measurement date of the previous fiscal year end.

(CONTINUED)

**CITY OF DENHAM SPRINGS**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY BY PLAN**

FOR THE YEAR ENDED JUNE 30, 2018\*

<u>Fiscal Year</u>	<u>Employer's Proportion of the Net Pension (Asset) Liability</u>	<u>Employer's Proportionate Share of the Net Pension (Asset) Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
<b><u>Component Units</u></b>					
<b><u>City Court of Denham Springs - Ward Two</u></b>					
<b><u>Parochial Employees' Retirement System of Louisiana:</u></b>					
2015	0.29291%	\$ 813	\$ 246,552	0.33%	99.89%
2016	0.29465%	52,461	283,195	18.52%	93.48%
2017	0.29392%	38,182	292,795	13.04%	95.50%
2018	0.27963%	(35,183)	195,825	(17.97%)	101.97%
<b><u>Louisiana State Employees' Retirement System:</u></b>					
2015	0.00352%	\$ 219,914	\$ 63,270	347.58%	65.02%
2016	0.00348%	236,827	64,800	365.47%	62.66%
2017	0.00376%	295,256	66,600	443.33%	57.73%
2018	0.00382%	268,883	69,600	386.33%	62.54%
<b><u>Marshal of City Court of Denham Springs - Ward Two</u></b>					
<b><u>Parochial Employees' Retirement System of Louisiana:</u></b>					
2015	0.30483%	\$ 847	\$ 282,454	0.30%	99.89%
2016	0.22881%	40,739	272,908	14.93%	93.48%
2017	0.18856%	24,469	155,960	15.69%	95.50%
2018	0.14494%	(18,036)	146,976	(12.27%)	104.00%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become

\*For PERS, the amounts presented were determined as of the calendar year-end that occurred within the fiscal year. For LASERS, the amounts presented have a measurement date of the previous fiscal year end.

See independent auditor's report.

## CITY OF DENHAM SPRINGS

SCHEDULE OF CONTRIBUTIONS BY PLAN

FOR THE YEAR ENDED JUNE 30, 2018

Fiscal Year	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
<b><u>Primary Government</u></b>					
<b><u>Municipal Employees' Retirement System of Louisiana:</u></b>					
2015	\$ 345,881	\$ 345,881	\$ -	\$ 3,640,848	9.50%
2016	332,625	332,625	-	3,501,307	9.50%
2017	354,864	354,864	-	3,226,030	11.00%
2018	419,393	419,393	-	3,165,219	13.25%
<b><u>Municipal Police Employees' Retirement System:</u></b>					
2015	\$ 535,536	\$ 535,536	\$ -	\$ 1,698,319	31.53%
2016	501,470	501,470	-	1,696,936	29.55%
2017	498,418	498,418	-	1,565,808	31.83%
2018	505,310	505,310	-	1,643,294	30.75%
<b><u>Firefighters' Retirement System:</u></b>					
2015	\$ 396,096	\$ 396,096	\$ -	\$ 1,354,171	29.25%
2016	352,464	352,464	-	1,293,446	27.25%
2017	323,419	323,419	-	1,280,871	25.25%
2018	326,833	326,833	-	1,233,341	26.50%
<b><u>Louisiana State Employees' Retirement System:</u></b>					
2015	\$ 10,707	\$ 10,707	\$ -	\$ 25,800	41.50%
2016	9,830	9,830	-	25,800	38.10%
2017	9,804	9,804	-	25,800	38.00%
2018	10,346	10,346	-	25,800	40.10%

(CONTINUED)

**CITY OF DENHAM SPRINGS**

**SCHEDULE OF CONTRIBUTIONS BY PLAN**

FOR THE YEAR ENDED JUNE 30, 2018

<u>Fiscal Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
<b><u>Component Units</u></b>					
<b><u>City Court of Denham Springs - Ward Two</u></b>					
<b><u>Parochial Employees' Retirement System of Louisiana:</u></b>					
2015	\$ 24,215	\$ 24,215	\$ -	\$ 261,446	9.26%
2016	25,258	25,258	-	297,295	8.50%
2017	20,871	20,871	-	260,877	8.00%
2018	14,676	14,676	-	195,825	7.50%
 <b><u>Louisiana State Employees' Retirement System:</u></b>					
2015	\$ 26,892	\$ 26,892	\$ -	\$ 64,800	41.50%
2016	25,375	25,375	-	66,600	38.10%
2017	25,840	25,840	-	68,000	38.00%
2018	27,909	27,909	-	69,600	40.10%
 <b><u>Marshal of City Court of Denham Springs - Ward Two</u></b>					
<b><u>Parochial Employees' Retirement System of Louisiana:</u></b>					
2015	\$ 25,244	\$ 25,244	\$ -	\$ 272,908	9.25%
2016	16,695	16,695	-	185,800	9.00%
2017	12,460	12,460	-	155,960	8.00%
2018	11,758	11,758	-	146,976	8.00%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditor's report.

## CITY OF DENHAM SPRINGS

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2018

#### **Primary Government**

##### **Municipal Employees' Retirement System of Louisiana:**

###### ***Changes in Actuarial Assumptions***

There were no changes of benefit assumptions for the year ended June 30, 2015, 2016, and 2017.

Other changes are as follows:

Valuation Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Discount Rate	7.325%	7.500%	7.50%	7.75%
Inflation Rate	2.775%	2.875%	2.875%	3.00%
Projected Salary Increase	5.00% (including inflation and merit)	5.00% (including inflation and merit)	5.00% (including inflation and merit)	5.75% (including inflation and merit)

##### **Municipal Police Employees' Retirement System:**

###### ***Changes in Actuarial Assumptions***

There were no changes of benefit assumptions for the year ended June 30, 2015, 2016, and 2017.

Other changes are as follows:

Valuation Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Discount Rate	7.325%	7.500%	7.50%	7.50%
Inflation Rate	2.70%	2.875%	2.875%	3.00%
Projected Salary Increase	Vary from 9.75% in first year of service to 4.25% after 23 years	Vary from 9.75% in first year of service to 4.25% after 23 years	Vary from 9.75% in first year of service to 4.25% after 23 years	Vary from 10% in first year of service to 4.4% after 30 years

See auditor's report.

## CITY OF DENHAM SPRINGS

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2018

#### **Firefighters' Retirement System:**

##### ***Changes in Actuarial Assumptions***

There were no changes of benefit assumptions for the year ended June 30, 2015, 2016, and 2017.

Other changes are as follows:

Valuation Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Discount Rate	7.325%	7.500%	7.50%	7.50%
Inflation Rate	2.775%	2.875%	2.875%	3.00%
Projected Salary Increase	Vary from 15% in first 2 years of service to 4.75% after 25 years	Vary from 15% in first 2 years of service to 4.75% after 25 years	Vary from 15% in first 2 years of service to 4.75% after 25 years	Vary from 15% in first 2 years of service to 5.5% after 14 years

#### **Louisiana State Employees' Retirement System:**

##### ***Changes of Benefit Terms*** include:

- A 1.5% COLA, effective July 1, 2014, provided by Act 102 of the 2014 Louisiana Regular Legislative Session, and,
- Improved benefits for certain members employed by the Office of Adult Probation and Parole within the Department of Public Safety and Corrections as established by Act 852 of 2014 .
- There were no changes of benefit assumptions for the year ended June 30, 2016 and 2017.

##### ***Changes in Actuarial Assumptions***

Valuation Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Discount Rate	7.70%	7.75%	7.75%	7.75%
Inflation Rate	2.75%	3.000%	3.000%	3.000%
Projected Salary Increase	2.8% to 5.3%	3% to 5.5%	3% to 5.5%	3% to 5.5%

See auditor's report .

## CITY OF DENHAM SPRINGS

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2018

#### **Component Units**

##### **Parochial Employees' Retirement System of Louisiana:**

##### ***Changes in Actuarial Assumptions***

There were no changes of benefit assumptions for the year ended June 30, 2015, 2016, and 2017.

Other changes are as follows:

Valuation Date	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Discount Rate	6.75%	7.00%	7.00%	7.25%
Inflation Rate	2.50%	2.50%	2.50%	3.00%
Projected Salary Increase	5.25% (2.50% Inflation, 2.75% Merit)	5.75% (3.00% Inflation, 2.75% Merit)	5.25% (2.50% Inflation, 2.75% Merit)	5.75% (3.00% Inflation, 2.75% Merit)

See auditor's report .

## **NONMAJOR GOVERNMENTAL FUNDS**

### **DEBT SERVICE FUND**

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

1994 Paving Certificates Debt Service Fund - This fund was used to account for the collection of a special assessment on the property owners of the Lakeland Acres Subdivision. The proceeds of such collections to be used to make annual payments on the 1994 Paving Certificates of Indebtedness incurred for the benefit of the property owners of the Lakeland Acres Subdivision. The special assessment debt has been paid and at June 30, 2018, only the balance of excess cash remains in the fund.

### **PERMANENT FUND**

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs – that is, for the benefit of the City or its citizenry.

Cemetery Care Permanent Fund - This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the City's cemetery.

### **SPECIAL REVENUE FUND**

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt services or capital projects.

Witness Fee Fund - This fund is used to account for the cost of court appearances by police officers at the City Court of Denham Springs - Ward II to provide testimony.



**CITY OF DENHAM SPRINGS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2018

	1994 Paving Certificates Debt Service Fund	Cemetery Care Permanent Fund	Witness Fee - Special Revenue Fund	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,269	\$ 995,473	\$ 162,515	\$ 1,161,257
Receivables (Net of Allowance for Uncollectibles):				
Other	-	-	300	300
Total Assets	<u>\$ 3,269</u>	<u>\$ 995,473</u>	<u>\$ 162,815</u>	<u>\$ 1,161,557</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts Payable	\$ -	\$ 375	\$ -	\$ 375
Total Liabilities	-	375	-	375
Fund Balances:				
Nonspendable:				
Permanent Fund Principal	-	995,098	-	995,098
Restricted For:				
Witness Fees	-	-	162,815	162,815
Other Purposes	3,269	-	-	3,269
Total Fund Balances	<u>3,269</u>	<u>995,098</u>	<u>162,815</u>	<u>1,161,182</u>
Total Liabilities and Fund Balances	<u>\$ 3,269</u>	<u>\$ 995,473</u>	<u>\$ 162,815</u>	<u>\$ 1,161,557</u>

The accompanying notes are an integral part of this statement.

## CITY OF DENHAM SPRINGS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

	1994 Paving Certificates Debt Service Fund	Cemetery Care Permanent Fund	Witness Fee - Special Revenue Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Fees	\$ -	\$ -	\$ 18,105	\$ 18,105
Interest	-	1,711	61	1,772
Miscellaneous	-	48,580	-	48,580
Total Revenues	-	50,291	18,166	68,457
<b>Expenditures:</b>				
Current:				
General Government	-	3,594	14,304	17,898
Total Expenditures	-	3,594	14,304	17,898
Net Change in Fund Balances	-	46,697	3,862	50,559
<b>Fund Balances at Beginning of Year</b>	3,269	948,401	158,953	1,110,623
<b>Fund Balances at End of Year</b>	\$ 3,269	\$ 995,098	\$ 162,815	\$ 1,161,182

The accompanying notes are an integral part of this statement.

**CITY OF DENHAM SPRINGS**  
**WITNESS FEE FUND -**  
**SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>			<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<b>Revenues:</b>				
Fees	\$ 21,800	\$ 18,000	\$ 18,105	\$ 105
Interest	20	20	61	41
Total Revenues	21,820	18,020	18,166	146
<b>Expenditures:</b>				
General Government	16,656	14,702	14,304	398
Total Expenditures	16,656	14,702	14,304	398
Net Change in Fund Balance	5,164	3,318	3,862	544
<b>Fund Balance at Beginning of Year</b>	158,953	158,953	158,953	-
<b>Fund Balance at End of Year</b>	<u>\$ 164,117</u>	<u>\$ 162,271</u>	<u>\$ 162,815</u>	<u>\$ 544</u>

The accompanying notes are an integral part of this statement.

## CITY OF DENHAM SPRINGS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS<sup>1</sup>  
SCHEDULE BY SOURCE

JUNE 30, 2018

**Governmental Funds Capital Assets:**

Land and Right-of-Ways	\$ 1,314,460
Land Improvements	67,727
Buildings	5,311,144
Equipment	6,178,304
Infrastructure	6,791,326
Construction in Progress	448,637
Total Capital Assets	<u><u>\$ 20,111,598</u></u>

**Investments in Governmental Funds Capital Assets by Source:**

General Fund Revenues	\$ 6,814,800
Federal Revenues and Federal Grants	705,469
Donated Infrastructure	649,138
Capital Improvement Funds:	
City's Share of Cost:	
General Fund	7,613,218
Federal Revenue Sharing	201,482
Federal Grants	1,996,399
State Grants	2,131,092
Total Investment in Capital Assets	<u><u>\$ 20,111,598</u></u>

<sup>1</sup>This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service fund are excluded from the above amounts. The capital assets of the internal service fund are included as governmental activities in the statement of net assets.

The accompanying notes are an integral part of this statement.

# CITY OF DENHAM SPRINGS

## CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE BY FUNCTION AND ACTIVITY<sup>1</sup>

JUNE 30, 2018

Function and Activity:	<u>Land and Right- of-Ways</u>	<u>Improvements Other Than Buildings</u>	<u>Buildings</u>
General Government:			
General Government Buildings	\$ 415,439	\$ 13,950	\$ 1,707,554
Administration	593,355	-	-
Cemetery	2,000	11,002	10,313
Tax	-	-	-
Planning and Development	-	-	-
Public Service Workers	-	-	10,647
Total General Government	<u>1,010,794</u>	<u>24,952</u>	<u>1,728,514</u>
Public Safety:			
Animal Control	1,500	24,047	115,335
Fire	8,250	-	548,842
Police	201,482	8,953	1,475,445
Total Public Safety	<u>211,232</u>	<u>33,000</u>	<u>2,139,622</u>
Highways and Streets:			
Streets	2,748	-	122,027
Health:			
Council on Aging	-	-	370,890
Culture and Recreation:			
Tourism	-	-	950,091
Parks	89,686	9,775	-
Total Culture and Recreation	<u>89,686</u>	<u>9,775</u>	<u>950,091</u>
Total Governmental Funds Capital Assets Allocated to Functions	<u>\$ 1,314,460</u>	<u>\$ 67,727</u>	<u>\$ 5,311,144</u>

<sup>1</sup>This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service fund are excluded from the above amounts. The capital assets of the internal service fund are included as governmental activities in the statement of net position.

The accompanying notes are an integral part of this statement.

Machinery and Equipment	Infrastructure	Total
\$ -	\$ -	\$ 2,136,943
246,687	-	840,042
13,195	-	36,510
8,417	-	8,417
54,453	-	54,453
-	-	10,647
322,752	-	3,087,012
120,376	-	261,258
2,065,223	-	2,622,315
2,172,292	-	3,858,172
4,357,891	-	6,741,745
1,493,423	6,246,990	7,865,188
-	-	370,890
684	168,253	1,119,028
3,554	376,083	479,098
4,238	544,336	1,598,126
\$ 6,178,304	\$ 6,791,326	19,662,961
Construction in Progress		448,637
		\$ 20,111,598

## CITY OF DENHAM SPRINGS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY<sup>1</sup>

FOR THE YEAR ENDED JUNE 30, 2018

<b>Function and Activity:</b>	Governmental Funds Capital Assets 6/30/17	Transfers	Additions	Deductions	Governmental Funds Capital Assets 6/30/18
<b>General Government:</b>					
General Government Buildings	\$ 2,136,943	\$ -	\$ -	\$ -	\$ 2,136,943
Administration	873,580	(18,979)	6,741	21,300	840,042
Cemetery	52,637	-	-	16,127	36,510
Tax	8,417	-	-	-	8,417
Planning and Development	35,474	18,979	-	-	54,453
Public Service Workers	10,647	-	-	-	10,647
Total General Government	3,117,698	-	6,741	37,427	3,087,012
<b>Public Safety:</b>					
Animal Control	200,973	-	60,709	424	261,258
Fire	2,486,903	(17,745)	303,622	150,465	2,622,315
Police	3,669,307	-	300,059	111,194	3,858,172
Total Public Safety	6,357,183	(17,745)	664,390	262,083	6,741,745
<b>Highways and Streets:</b>					
Streets	6,512,361	17,745	1,365,202	30,120	7,865,188
<b>Health:</b>					
Council on Aging	370,890	-	-	-	370,890
<b>Culture and Recreation:</b>					
Tourism	1,119,028	-	-	-	1,119,028
Parks	479,098	-	-	-	479,098
Total Culture and Recreation	1,598,126	-	-	-	1,598,126
Construction in Progress	750,000	-	806,161	1,107,524	448,637
Total Governmental Funds Capital Assets	<u>\$ 18,706,258</u>	<u>\$ -</u>	<u>\$ 2,842,494</u>	<u>\$ 1,437,154</u>	<u>\$ 20,111,598</u>

<sup>1</sup>This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service fund are excluded from the above amounts. The capital assets of the internal service fund are included as governmental activities in the statement of net position.

The accompanying notes are an integral part of this statement.

## **SUPPLEMENTARY SCHEDULE**



## CITY OF DENHAM SPRINGS

SCHEDULE OF INSURANCE COVERAGE IN FORCE

JUNE 30, 2018

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
CNA Surety	Public Official Bonds		
	Mayor; Gerard Landry	\$ 50,000	1/01/19
	Council Members:		
	Rene Delahoussaye	\$ 10,000	1/01/19
	Laura Schmitt-Smith	\$ 10,000	1/01/19
	Jeffrey Wesley	\$ 10,000	1/01/19
	Robert Poole	\$ 10,000	1/01/19
	Lori Lamm-Williams	\$ 10,000	1/01/19
	Public Employees Blanket Bond:		
	City Treasurer:		
	Michelle Hood	\$ 50,000	12/11/18
	City Clerk:		
	Joan LeBlanc	\$ 50,000	2/06/19
	Public Employees Bond	\$ 25,000	2/18/19
Hanover Insurance Company	Property and Casualty Coverage -		
	90% Co-Insurance:		
	Municipal Building	\$ 1,901,021	
	Contents	\$ 528,310	
	Boiler and Machinery	\$ -0-	7/01/18
	<u>941 Government Street</u>		
	Steel Water Tank and Tower	\$ 301,824	7/01/18
	<u>110 Brignac Street</u>		
	Council on Aging Buildings	\$ 976,831	7/01/18
	<u>949 Government Street</u>		
	Fire Station Building	\$ 310,013	
	Contents	\$ 12,261	7/01/18
	<u>1100 Hatchell Lane</u>		

(CONTINUED)

**CITY OF DENHAM SPRINGS**

SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2018

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
Hanover Insurance Company	Fire Station/Water Dept Office Building	\$ 737,011	
	Contents	\$ 16,719	7/01/18
	<u>27135 La. Hwy. 16</u>		
	Police Station and Jail Facility	\$1,661,199	
	Contents	\$ 172,760	7/01/18
	<u>447 Lamm Street</u>		
	Fire Station Building	\$ 418,810	
	Contents	\$ 14,490	7/01/18
	<u>930 Government Street</u>		
	Sewer Building	\$ 86,171	
	Contents	\$ 16,719	7/01/18
	<u>9150 Forest Delatte Road</u>		
	Street Dept. Maintenance Building	\$ 58,493	
	Contents	\$ 2,229	7/01/18
	<u>600-A Bowman St.</u>		
	Street Dept. Old Office Building	\$ 58,493	
	Contents	\$ 2,229	7/01/18
	<u>600-B Bowman St.</u>		
	Animal Control Buildings	\$ 69,022	
	Contents	\$ 2,229	7/01/18
	<u>600-C Bowman Street</u>		
	Street Dept. Maintenance Equipment Building	\$ 49,052	7/01/18
	<u>600-D Bowman St.</u>		

(CONTINUED)

**CITY OF DENHAM SPRINGS**

SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2018

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
Hanover Insurance Company	SADD		
	Office Building	\$ 83,554	7/01/18
	<u>115 Hummell St.</u>		
	Bronze Statue		
	Contents	\$ 16,000	7/01/18
	<u>140 Centerville St.</u>		
	Street Dept. New Office		
	Building	\$ 69,269	7/01/18
	Contents	\$ 11,146	
	<u>600-E Bowman St.</u>		
	Youth Services		
	Office Building	\$ 339,259	7/01/18
	<u>940 Government Street</u>		
	Utility Warehouse Building	\$ 106,798	
	Contents	\$ 34,552	7/01/18
	<u>112 Brignac Street</u>		
	Motor Pool and Warehouse		
	Building	\$ 310,013	
	Contents	\$ 85,823	7/01/18
	<u>401 N. Railroad Ave.</u>		
	Arts Council/Red Cross		
	Building	\$ 187,177	7/01/18
	<u>133 Hummel St.</u>		
	Pine Street Pump		
	Station Building	\$ 15,208	7/01/18
	<u>2635 Pine St.</u>		
	Steel Water Tank and Tower	\$ 662,140	7/01/18
	<u>9150 Pete's Highway</u>		

(CONTINUED)

**CITY OF DENHAM SPRINGS**

SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2018

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
Hanover Insurance Company	Old City Hall Building Contents <u>115 Mattie St.</u>	\$ 794,997 \$ 22,291	7/01/18
	Steel Water Tank and Tower <u>23322 Springhill Drive</u>	\$2,319,479	7/01/18
Liberty Mutual	Sewer Treatment Plant Scheduled Buildings Scheduled Equipment Contractor Equipment <u>9300 Forest Delatte Road</u>	\$ 136,005 \$ 4,274,386 Actual Cash Value	7/01/18 7/01/18 7/01/18
Louisiana Workers' Compensation Corporation	Workmen's Compensation Statutory	\$500,000	7/01/18
Risk Management	General Liability Law Enforcement Professional Liability	\$ 500,000 \$ 500,000	7/01/18 7/01/18
Risk Management	Public Officials and Employees Liability Errors and Omissions	\$ 500,000	7/01/18
Traveler's Insurance	Business Auto Liability	\$ 500,000	7/01/18
Traveler's Insurance	Vehicle Physical Damage - Except Fire	Actual Cash Value	7/01/18
VFIS, Inc.	Vehicle Liability & Physical Damage - Fire	\$1,000,000	7/01/18
National Flood Services	Flood Insurance:  Fire Station Building Contents <u>930 Government Street</u>	\$ 30,800 \$ 21,000	7/01/18

(CONTINUED)

**CITY OF DENHAM SPRINGS**

SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2018

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
National Flood Services	Flood Insurance (continued):		
	Youth Services Office Building	\$ 66,600	
	Contents	\$ 22,100	7/01/18
	<u>940 Government Street</u>		
	Municipal Building	\$ 25,000	
	Contents	\$ -0-	7/01/18
	<u>941 Government Street</u>		
	Council on Aging Building	\$ 72,600	
	Contents	\$ 44,200	7/01/18
	<u>949 Government Street</u>		
	Fire Station Building	\$ 100,000	
	Contents	\$ 100,000	7/01/18
	<u>1100 Hatchell Lane</u>		
	Police Station and		
	Jail Facility	\$ 302,500	
	Contents	\$ 22,100	7/01/18
	<u>447 Lamm Street</u>		
	Animal Control Center		
	Building	\$ 19,400	7/01/18
	<u>600-C Bowman Street</u>		
Traveler's Insurance	Crime Policy	\$250,000	7/01/18

See auditor's report.

## STATISTICAL SECTION

This part of the City of Denham Springs' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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Financial Trends	145
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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity	155
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These schedules contain information to help the reader assess the City's most significant local revenue source, the sales tax.

Debt Capacity	162
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These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information	170
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information	173
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These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

# CITY OF DENHAM SPRINGS

## NET POSITION BY COMPONENTS

Last Ten Fiscal Years  
(Accrual Basis of Accounting)  
(Unaudited)

	Fiscal Year			
	2009	2010	2011	2012
Governmental Activities:				
Net Investment in				
Capital Assets	\$ 8,531,386	\$ 8,505,809	\$ 8,303,719	\$ 8,471,515
Restricted	746,414	796,122	839,347	877,924
Unrestricted (Deficit)	<u>3,204,835</u>	<u>2,886,737</u>	<u>2,328,944</u>	<u>1,855,098</u>
Total Governmental Activities -				
Net Position	<u>\$ 12,482,635</u>	<u>\$ 12,188,668</u>	<u>\$ 11,472,010</u>	<u>\$ 11,204,537</u>
Business-Type Activities:				
Net Investment in				
Capital Assets	\$ 19,710,756	\$ 15,000,218	\$ 17,939,388	\$ 16,891,492
Restricted	-	-	3,993	4,045
Unrestricted (Deficit)	<u>(1,460,181)</u>	<u>326,220</u>	<u>(755,714)</u>	<u>(427,300)</u>
Total Business-Type Activities -				
Net Position	<u>\$ 18,250,575</u>	<u>\$ 15,326,438</u>	<u>\$ 17,187,667</u>	<u>\$ 16,468,237</u>
Primary Government:				
Net Investment in				
Capital Assets	\$ 28,242,142	\$ 23,506,027	\$ 26,243,107	\$ 25,363,007
Restricted	746,414	796,122	843,340	881,969
Unrestricted (Deficit)	<u>1,744,654</u>	<u>3,212,957</u>	<u>1,573,230</u>	<u>1,427,798</u>
Total Primary Government -				
Net Position	<u>\$ 30,733,210</u>	<u>\$ 27,515,106</u>	<u>\$ 28,659,677</u>	<u>\$ 27,672,774</u>

The City of Denham Springs adopted the provisions of GASB 68 and 71 beginning July 1, 2014, and applied those provisions prospectively.

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 8,151,415	\$ 7,959,533	\$ 7,833,690	\$ 7,578,587	\$ 7,894,411	\$ 8,852,195
921,576	974,571	1,039,675	1,076,407	1,110,623	1,161,182
1,907,078	2,002,874	(6,861,769)	(6,361,194)	(4,551,104)	(4,360,533)
<u>\$ 10,980,069</u>	<u>\$ 10,936,978</u>	<u>\$ 2,011,596</u>	<u>\$ 2,293,800</u>	<u>\$ 4,453,930</u>	<u>\$ 5,652,844</u>
\$ 16,210,790	\$ 13,425,685	\$ 11,743,652	\$ 11,092,592	\$ 10,709,842	\$ 10,489,376
25	51	-	-	-	-
(403,066)	1,130,865	1,710,830	2,865,893	2,571,962	2,767,491
<u>\$ 15,807,749</u>	<u>\$ 14,556,601</u>	<u>\$ 13,454,482</u>	<u>\$ 13,958,485</u>	<u>\$ 13,281,804</u>	<u>\$ 13,256,867</u>
\$ 24,362,205	\$ 21,385,218	\$ 19,577,342	\$ 18,671,179	\$ 18,604,253	\$ 19,341,571
921,601	974,622	1,039,675	1,076,407	1,110,623	1,161,182
1,504,012	3,133,739	(5,150,939)	(3,495,301)	(1,979,142)	(1,593,042)
<u>\$ 26,787,818</u>	<u>\$ 25,493,579</u>	<u>\$ 15,466,078</u>	<u>\$ 16,252,285</u>	<u>\$ 17,735,734</u>	<u>\$ 18,909,711</u>



# CITY OF DENHAM SPRINGS

## CHANGE IN NET POSITION

Last Ten Fiscal Years  
(Accrual Basis of Accounting)  
(Unaudited)

	Fiscal Year			
	2009	2010	2011	2012
<b>Expenses</b>				
Governmental Activities:				
General Government	\$ 2,001,415	\$ 2,067,324	\$ 2,049,444	\$ 2,076,944
Public Safety	6,501,384	6,559,364	6,818,702	6,930,110
Highways and Streets	5,665,185	1,765,577	2,406,333	1,927,226
Health	87,189	78,210	82,048	52,623
Culture and Recreation	47,985	95,680	94,656	134,582
Interest on Long-Term Indebtedness	64,051	38,190	27,237	18,977
Total Governmental Activities Expenses	14,367,209	10,604,345	11,478,420	11,140,462
Business-Type Activities:				
Gas	3,645,980	3,492,599	3,260,737	2,568,005
Water	1,600,633	2,173,325	2,384,053	2,417,291
Sewer	1,986,382	3,636,328	3,839,131	5,233,099
Sanitation	837,536	848,089	881,472	884,991
Total Business-Type Activities	8,070,531	10,150,341	10,365,393	11,103,386
Total Primary Government Expenses	<u>\$ 22,437,740</u>	<u>\$ 20,754,686</u>	<u>\$ 21,843,813</u>	<u>\$ 22,243,848</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
Public Safety	\$ 619,044	\$ 817,367	\$ 721,118	\$ 663,914
Highways and Streets	14,510	14,510	14,510	12,850
Operating Grants and Contributions	4,394,359	447,024	853,316	518,005
Capital Grants and Contributions	139,634	203,621	276,453	563,364
Total Governmental Activities Program Revenues	5,167,547	1,482,522	1,865,397	1,758,133
Business-Type Activities:				
Charges for Services:				
Natural Gas	4,391,189	4,320,370	3,854,570	3,560,357
Water	2,261,158	2,240,377	2,332,431	2,879,773
Sewer	2,537,311	2,458,704	2,424,324	3,000,401
Sanitation	733,631	729,993	751,127	791,828
Operating Grants and Contributions	143,268	-	-	30,750
Capital Grants and Contributions	151,022	57,988	2,761,000	281,339
Total Business-Type Activities Program Revenues	10,217,579	9,807,432	12,123,452	10,544,448
Total Primary Government Programs Revenues	<u>\$ 15,385,126</u>	<u>\$ 11,289,954</u>	<u>\$ 13,988,849</u>	<u>\$ 12,302,581</u>
<b>Net Expense/Revenue</b>				
Governmental Activities	\$ (9,199,662)	\$ (9,121,823)	\$ (9,613,023)	\$ (9,382,329)
Business-Type Activities	2,147,048	(342,909)	1,758,059	(558,938)
Total Primary Government Net Expense	<u>\$ (7,052,614)</u>	<u>\$ (9,464,732)</u>	<u>\$ (7,854,964)</u>	<u>\$ (9,941,267)</u>

(CONTINUED)

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 2,095,813	\$ 2,023,504	\$ 2,145,397	\$ 2,152,354	\$ 2,639,792	\$ 2,437,965
6,947,554	7,030,418	6,878,353	6,805,088	7,144,277	6,846,372
1,995,902	1,927,344	2,453,904	1,971,847	8,776,069	2,875,109
44,438	39,680	74,835	51,650	30,273	29,310
147,513	143,393	183,990	161,147	133,933	171,936
9,489	1,202	156	-	-	-
11,240,709	11,165,541	11,736,635	11,142,086	18,724,344	12,360,692
2,754,965	3,415,081	3,101,268	2,282,747	2,304,551	2,774,190
2,446,504	2,594,965	2,554,246	2,394,908	2,406,037	2,362,879
5,843,113	6,035,356	6,158,037	5,879,536	6,192,531	5,594,398
890,073	830,080	904,727	896,356	913,077	838,303
11,934,655	12,875,482	12,718,278	11,453,547	11,816,196	11,569,770
\$ 23,175,364	\$ 24,041,023	\$ 24,454,913	\$ 22,595,633	\$ 30,540,540	\$ 23,930,462
\$ 764,673	\$ 615,208	\$ 666,342	\$ 543,245	\$ 355,745	\$ 465,411
12,850	12,850	12,850	12,850	12,850	11,835
765,552	458,459	711,480	763,052	7,288,463	1,570,173
29,762	-	337,369	-	691,742	1,157,290
1,572,837	1,086,517	1,728,041	1,319,147	8,348,800	3,204,709
4,072,157	5,349,179	4,758,675	3,655,028	2,948,060	4,027,218
2,943,436	3,354,399	3,387,207	3,446,017	3,015,738	3,187,169
3,221,524	3,594,076	3,370,735	3,458,451	3,033,149	3,194,199
779,458	794,722	816,824	802,098	722,786	722,807
75,253	91,146	60,940	170,101	528,014	64,036
147,779	71,938	532,141	385,893	466,531	320,451
11,239,607	13,255,460	12,926,522	11,917,588	10,714,278	11,515,880
\$ 12,812,444	\$ 14,341,977	\$ 14,654,563	\$ 13,236,735	\$ 19,063,078	\$ 14,720,589
\$ (9,667,872)	\$ (10,079,024)	\$ (10,008,594)	\$ (9,822,939)	\$ (10,375,544)	\$ (9,155,983)
(695,048)	379,978	208,244	464,041	(1,101,918)	(53,890)
\$ (10,362,920)	\$ (9,699,046)	\$ (9,800,350)	\$ (9,358,898)	\$ (11,477,462)	\$ (9,209,873)

# CITY OF DENHAM SPRINGS

## CHANGE IN NET POSITION - CONTINUED

Last Ten Fiscal Years  
(Accrual Basis of Accounting)  
(Unaudited)

	Fiscal Year			
	2009	2010	2011	2012
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Taxes:				
Property	\$ 205,201	\$ 206,395	\$ 215,189	\$ 210,351
Sales	6,921,858	6,310,540	6,343,589	6,627,015
Occupational and permits	981,531	983,098	959,812	996,867
Franchise	870,836	764,639	797,798	736,292
Miscellaneous	672,517	551,082	571,449	538,527
Interest Income	28,654	12,102	8,527	5,804
Insurance Proceeds	-	-	-	-
Total Governmental Activities	9,680,597	8,827,856	8,896,364	9,114,856
Business-Type Activities:				
Miscellaneous	15,980	57,330	91,277	20,539
Interest Income	30,108	14,149	11,893	11,332
Insurance Proceeds	-	-	-	-
Special Item	-	(2,652,707)	-	(192,363)
Total Business-Type Activities	46,088	(2,581,228)	103,170	(160,492)
Total Primary Government	<u>\$ 9,726,685</u>	<u>\$ 6,246,628</u>	<u>\$ 8,999,534</u>	<u>\$ 8,954,364</u>
<b>Change in Net Position</b>				
Governmental Activities	\$ 480,935	\$ (293,967)	\$ (716,659)	\$ (267,473)
Business-Type Activities	2,193,136	(2,924,137)	1,861,229	(719,430)
Total Primary Government	<u>\$ 2,674,071</u>	<u>\$ (3,218,104)</u>	<u>\$ 1,144,570</u>	<u>\$ (986,903)</u>

Schedule 5  
(Continued)

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 218,788	\$ 293,173	\$ 320,432	\$ 319,365	\$ 275,364	\$ 289,607
6,904,506	7,249,345	7,347,545	7,281,993	8,389,648	7,823,526
1,021,659	1,020,538	1,029,019	1,070,043	1,041,368	1,055,098
709,917	842,446	832,404	786,427	648,653	679,479
584,829	622,875	584,526	636,518	1,179,183	486,758
3,705	7,556	8,256	10,797	12,542	20,429
-	-	-	-	988,916	-
9,443,404	10,035,933	10,122,182	10,105,143	12,535,674	10,354,897
25,549	17,262	40,877	30,134	128,700	14,300
9,011	9,386	9,754	9,828	17,328	14,653
-	-	-	-	279,209	-
-	-	-	-	-	-
34,560	26,648	50,631	39,962	425,237	28,953
<u>\$ 9,477,964</u>	<u>\$ 10,062,581</u>	<u>\$ 10,172,813</u>	<u>\$ 10,145,105</u>	<u>\$ 12,960,911</u>	<u>\$ 10,383,850</u>
\$ (224,468)	\$ (43,091)	\$ 113,588	\$ 282,204	\$ 2,160,130	\$ 1,198,914
(660,488)	406,626	258,875	504,003	(676,681)	(24,937)
<u>\$ (884,956)</u>	<u>\$ 363,535</u>	<u>\$ 372,463</u>	<u>\$ 786,207</u>	<u>\$ 1,483,449</u>	<u>\$ 1,173,977</u>

# CITY OF DENHAM SPRINGS

## FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)  
(Unaudited)

	Fiscal Year			
	2009	2010	2011	2012
General Fund				
Nonspendable:				
Prepaid Insurance	\$ -	\$ -	\$ 125,342	\$ 172,462
Unassigned	3,466,081	3,218,813	2,617,281	2,107,487
Total General Fund	<u>\$ 3,466,081</u>	<u>\$ 3,218,813</u>	<u>\$ 2,742,623</u>	<u>\$ 2,279,949</u>
All Other Governmental Funds				
Nonspendable:				
Permanent Fund Principal	\$ 677,899	\$ 717,816	\$ 752,020	\$ 775,852
Restricted For:				
Witness Fees	65,252	76,040	84,060	98,804
Other Purposes	3,263	3,266	3,267	3,268
Assigned To:				
Capital Projects	93,904	117,626	112,633	148,456
Total All Other Governmental Funds	<u>\$ 840,318</u>	<u>\$ 914,748</u>	<u>\$ 951,980</u>	<u>\$ 1,026,380</u>

The City of Denham Springs adopted the provisions of GASB 54 beginning July 1, 2010, and applied those provisions retrospectively to each fiscal year that is presented.

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 112,097	\$ 208,467	\$ 105,702	\$ 88,670	\$ 50,376	\$ 200,313
2,178,728	2,283,061	2,015,310	2,355,986	4,422,595	4,341,799
<u>\$ 2,290,825</u>	<u>\$ 2,491,528</u>	<u>\$ 2,121,012</u>	<u>\$ 2,444,656</u>	<u>\$ 4,472,971</u>	<u>\$ 4,542,112</u>
\$ 808,328	\$ 853,534	\$ 890,819	\$ 923,037	\$ 948,401	\$ 995,098
109,979	117,768	145,587	150,101	158,953	162,815
3,269	3,269	3,269	3,269	3,269	3,269
226,634	162,034	92,983	167,583	161,357	161,147
<u>\$ 1,148,210</u>	<u>\$ 1,136,605</u>	<u>\$ 1,132,658</u>	<u>\$ 1,243,990</u>	<u>\$ 1,271,980</u>	<u>\$ 1,322,329</u>

# CITY OF DENHAM SPRINGS

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)  
(Unaudited)

	Fiscal Year			
	2009	2010	2011	2012
<b>Revenues:</b>				
Taxes	\$ 8,381,213	\$ 7,648,359	\$ 7,705,488	\$ 7,913,056
Licenses and Permits	981,531	983,098	959,812	996,867
Fines and Forfeits	474,065	757,852	658,025	606,737
Interest	27,825	11,934	8,408	5,715
Fees	145,556	55,275	57,549	50,744
Intergovernmental	4,565,078	680,638	1,072,271	1,008,583
Miscellaneous	270,351	173,054	300,089	291,198
Total Revenues	14,845,619	10,310,210	10,761,642	10,872,900
<b>Expenditures:</b>				
Current:				
General Government	1,943,669	1,965,060	1,952,557	2,039,948
Public Safety	7,148,230	6,444,582	6,450,485	6,626,668
Highways and Streets	5,409,480	1,557,264	1,537,640	1,614,129
Health	87,189	78,210	82,048	52,623
Culture and Recreation	29,992	70,903	73,787	86,196
Capital Outlay:				
General Government	278,400	17,000	-	-
Highways and Streets	173,038	80,115	628,305	523,278
Culture and Recreation	-	-	235,807	175,213
Debt Service:				
Principal Retirement	273,800	228,731	209,594	220,214
Interest	51,164	41,183	30,378	22,405
Total Expenditures	15,394,962	10,483,048	11,200,601	11,360,674
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	(549,343)	(172,838)	(438,959)	(487,774)
<b>Other Financing Sources (Uses)</b>				
Capital Leases	979,291	-	-	99,500
Insurance Proceeds	-	-	-	-
Proceeds from Disposition of Assets	-	-	-	-
Transfers In	-	98,591	337,158	235,353
Transfers Out	-	(98,591)	(337,158)	(235,353)
Total Other Financing Sources (Uses)	979,291	-	-	99,500
<b>Net Change in Fund Balances</b>	<u>\$ 429,948</u>	<u>\$ (172,838)</u>	<u>\$ (438,959)</u>	<u>\$ (388,274)</u>
<b>Debt Service as a Percentage of</b>				
<b>Noncapital Expenditures</b>	<u>2.35%</u>	<u>2.71%</u>	<u>2.23%</u>	<u>2.32%</u>

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 8,128,576	\$ 8,657,791	\$ 8,738,638	\$ 8,625,408	\$ 9,478,989	\$ 8,958,286
1,021,659	1,020,538	1,029,019	1,070,043	1,041,368	1,055,098
707,249	566,769	596,819	493,339	325,256	422,245
3,613	7,556	8,256	10,797	11,634	20,429
52,909	43,094	64,116	45,480	32,756	40,846
821,121	473,457	725,678	477,845	7,284,326	2,465,064
306,231	362,995	399,068	389,994	717,434	310,228
11,041,358	11,132,200	11,561,594	11,112,906	18,891,763	13,272,196
2,034,979	1,970,382	2,142,114	2,087,443	2,569,637	2,324,424
6,618,034	6,828,017	7,039,551	6,480,187	7,249,558	7,090,880
1,624,567	1,595,646	1,661,674	1,708,065	8,360,867	2,155,051
44,438	39,680	74,835	51,650	30,273	29,310
141,423	124,809	156,141	108,028	76,281	113,224
-	-	-	-	-	-
181,980	349,330	844,123	242,557	620,286	1,456,010
3,828	-	-	-	-	-
247,028	33,744	17,314	-	-	-
12,375	1,494	305	-	-	-
10,908,652	10,943,102	11,936,057	10,677,930	18,906,902	13,168,899
132,706	189,098	(374,463)	434,976	(15,139)	103,297
-	-	-	-	-	-
-	-	-	-	988,916	-
-	-	-	-	1,082,528	16,193
260,682	284,730	496,259	316,680	-	131,930
(260,682)	(284,730)	(496,259)	(316,680)	-	(131,930)
-	-	-	-	2,071,444	16,193
\$ 132,706	\$ 189,098	\$ (374,463)	\$ 434,976	\$ 2,056,305	\$ 119,490
2.41%	0.34%	0.16%	0.00%	0.00%	0.00%



## CITY OF DENHAM SPRINGS

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)  
(Unaudited)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Occupational Licenses and Permits	Charitable Gaming Tax	Total
2009	\$ 205,201	\$ 6,921,858	\$ 870,836	\$ 981,531	\$ 332,309	\$ 9,311,735
2010	206,395	6,310,540	764,639	983,098	316,320	8,580,992
2011	215,189	6,343,589	797,798	959,812	303,092	8,619,480
2012	210,351	6,627,015	736,292	996,867	286,920	8,857,445
2013	218,788	6,904,506	709,917	1,021,659	240,546	9,095,416
2014	293,173	7,249,345	842,446	1,020,538	216,595	9,622,097
2015	320,432	7,347,545	832,404	1,029,019	179,736	9,709,136
2016	319,365	7,281,993	786,427	1,070,043	181,399	9,639,227
2017	275,364	8,389,648	648,653	1,041,368	111,326	10,466,359
2018	289,607	7,823,526	679,479	1,055,098	101,497	9,949,207

## CITY OF DENHAM SPRINGS

ASSESSED AND ESTIMATED ACTUAL VALUE  
OF TAXABLE PROPERTY

Last Ten Years  
(Unaudited)

Year	Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Ratio of Total Assessed Value to Total Estimated Actual Value*
2009	\$ 74,931,120	2.75	\$ 681,192,000	11%
2010	77,068,540	2.75	700,623,091	11
2011	78,768,530	2.75	716,077,545	11
2012	77,289,790	2.75	702,634,455	11
2013	79,817,110	2.75	725,610,091	11
2014	82,401,100	3.60	749,100,909	11
2015	85,650,350	3.73	778,639,545	11
2016	85,660,850	3.73	778,735,000	11
2017	81,148,660	3.48	737,715,091	11
2018	84,082,230	3.48	764,383,909	11

\*Actual Valuation (Market Value) as Compared to Assessed Valuation

Residential properties are assessed at 10% of fair market value; commercial and industrial properties, excluding land, are assessed at 15%. The overall assessed value is estimated to be 11% of actual market value.

SOURCE: Livingston Parish Assessor's Grand Recapitulation of the Assessment Roll for the Parish of Livingston.

NOTE: Additional information concerning estimated values by types of property was not currently readily available.

# CITY OF DENHAM SPRINGS

## PROPERTY TAX RATES AND TAX LEVIES DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Years  
(Unaudited)

Fiscal Year	<u>City of Denham Springs</u>		Parishwide <sup>1</sup>	<u>Parish Special Districts</u>				Total Parish Millage
	<u>Operating Millage</u>	<u>Total City Millage</u>		<u>Drainage District #1</u>	<u>Recreation District #3</u>	<u>Law Enforcement District</u>	<u>Juvenile Detention Center</u>	
2009	2.75	2.75	43.32	3.99	16.00	10.55	3.00	76.86
2010	2.75	2.75	40.88	3.99	17.00	10.55	3.00	75.42
2011	2.75	2.75	42.84	3.99	17.00	10.55	3.00	77.38
2012	2.75	2.75	44.15	5.00	17.00	10.55	2.75	79.45
2013	2.75	2.75	44.66	4.85	16.00	10.55	2.75	78.81
2014	3.60	3.60	45.56	4.85	16.00	10.55	2.75	79.71
2015	3.73	3.73	45.67	4.85	16.00	10.55	2.75	79.82
2016	3.73	3.73	43.61	5.00	15.35	10.55	2.75	77.26
2017	3.48	3.48	43.11	4.43	15.35	10.55	2.75	76.19
2018	3.48	3.48	41.29	4.43	15.10	10.55	2.75	74.12

<sup>1</sup>Parishwide - includes all or some of the following:

Parish/Local, Dixon Sinking, Courthouse Sinking, Road Equipment/Maintenance, Drainage Tax, Council on Aging, Courthouse Maintenance, Health Unit, Library, and Assessor.

SOURCE: Livingston Parish Assessor's Grand Recapitulation of the Assessment Roll for the Parish of Livingston.

Livingston Parish School Board						
Operational Millage	Additional Support Millage	Maintenance Millage	Construction Millage	Debt Service Millage	Total School Millages	Total Direct and Overlapping Rates
3.29	7.18	7.00	5.00	22.55	45.02	124.63
3.29	7.18	7.00	5.00	20.45	42.92	121.09
3.29	7.18	7.00	5.00	18.29	40.76	120.89
3.29	7.18	7.00	5.00	13.88	36.35	118.55
3.29	7.18	7.00	4.73	12.03	34.23	115.79
3.29	7.18	7.00	5.00	11.47	33.94	117.25
3.29	7.18	7.00	5.00	11.22	33.69	117.24
3.29	7.18	7.00	5.00	10.97	33.44	114.43
3.29	7.18	7.00	5.00	9.64	32.11	111.78
3.29	7.18	7.00	5.00	11.64	34.11	111.71

## CITY OF DENHAM SPRINGS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago  
(Unaudited)

Name of Taxpayer	Type of Business	2018			2009		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
All Star Dealership Properties	Retail	\$ 4,879,350	1	5.80%	\$ 2,737,660	2	3.65%
Walmart Louisiana, LLC	Retail	2,552,920	2	3.04	2,742,490	1	3.66
Sam's East, Inc./Real Estate Business Trust	Retail	2,203,440	3	2.62			-
Home Depot #0375	Retail	2,018,750	4	2.40	1,603,930	4	2.14
Capital One Bank	Bank	1,330,550	5	1.58	1,200,940	6	1.60
Whitney Bank/Hancock Bank of Louisiana	Bank	1,158,730	6	1.38	1,492,140	5	1.99
Entergy Gulf States, LLC	Public Utility	1,135,430	7	1.35	552,900	10	0.74
First Guaranty Bank	Bank	979,130	8	1.16	1,003,370	8	1.34
Regions Bank	Bank	761,310	9	0.91	-	-	-
Spring Park Property Owner, LLC	Real Estate	720,570	10	0.86	773,220	9	1.03
Bellsouth/AT&T Telecommunications	Telecommunications	-	-	-	2,729,180	3	3.64
Cox Communications Inc.	Telecommunications	-	-	-	1,017,430	7	1.36
		<u>\$ 17,740,180</u>		<u>21.10%</u>	<u>\$ 15,853,260</u>		<u>21.15%</u>

Source: Livingston Parish Assessor's Office.

## CITY OF DENHAM SPRINGS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years  
(Unaudited)

Fiscal Year Ended June 30	Total Tax Levy For Fiscal Year	Collected Within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 205,911	\$ 197,859	96.09%	\$ 2,597	\$ 200,456	97.35%
2010	211,784	205,757	97.15	4,962	210,719	99.50
2011	216,457	209,089	96.60	5,221	214,310	99.01
2012	212,394	208,209	98.03	2,858	211,067	99.38
2013	219,339	213,381	97.28	2,792	216,173	98.56
2014	296,969	289,873	97.61	4,750	294,623	99.21
2015	319,044	313,950	98.40	3,173	317,123	99.40
2016	319,087	315,134	98.76	2,750	317,884	99.62
2017	282,235	272,614	96.59	3,794	276,408	97.94
2018	292,438	286,190	97.86	-	286,190	97.86

## CITY OF DENHAM SPRINGS

**MUNICIPAL TAXABLE SALES BY CATEGORY - GENERAL SALES AND USE TAX**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

**LAST TEN FISCAL YEARS**  
**(Unaudited)**

<b><u>Standard Industrial Classification Code</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
Agriculture, Forestry, and Fishing	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mining	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Construction	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Manufacturing	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Transportation and Public Utilities	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Wholesale Trade	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other Retail Trade	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vehicle	21,469	20,154	21,758	20,324	23,540	21,423	21,431	22,165	53,211	19,640
Food Stores	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Finance, Insurance, and Real Estate	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Services	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Public Administration	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Livingston Parish School System's Sales Tax Department which is  
Collector of City of Denham Springs Municipal 1 1/2 % Sales and Use Taxes  
currently does not compile sales tax data by standard industrial code.

# CITY OF DENHAM SPRINGS

## RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years  
(Unaudited)

Fiscal Year Ended June 30	Governmental Activities			Business - Type Activities	
	General Obligation Bonds	Certificates of Indebtedness	Capital Lease	Revenue Bonds	Capital Lease
2009	\$ -	\$ -	\$ 857,125	\$ 32,044,621	\$ -
2010	-	-	628,394	55,016,229	-
2011	-	-	418,800	54,378,780	-
2012	-	-	298,086	53,716,061	-
2013	-	-	72,275	53,028,341	229,167
2014	-	-	34,023	52,315,485	180,475
2015	-	-	12,085	53,241,999	130,533
2016	-	-	7,343	53,001,589	79,309
2017	-	-	1,552	54,782,954	16,754
2018	-	-	-	53,169,292	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: <sup>1</sup> Population of the City of Denham Springs obtained from the State Treasurer's Office.



Schedule 14

<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Population<sup>1</sup></u>	<u>Per Capita</u>
\$ 32,901,746	N/A	10,480	\$ 3,139.48
55,644,623	N/A	10,790	5,157.05
54,797,580	N/A	10,215	5,364.42
54,014,147	N/A	10,390	5,198.67
53,329,783	N/A	10,129	5,265.06
52,529,983	N/A	10,215	5,142.44
53,384,617	N/A	10,251	5,207.75
53,088,241	N/A	10,215	5,197.09
54,801,260	N/A	10,314	5,313.29
53,169,292	N/A	10,332	5,146.08

## CITY OF DENHAM SPRINGS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years  
(Unaudited)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
2009	-	-	-	N/A	N/A
2010	-	-	-	N/A	N/A
2011	-	-	-	N/A	N/A
2012	-	-	-	N/A	N/A
2013	-	-	-	N/A	N/A
2014	-	-	-	N/A	N/A
2015	-	-	-	N/A	N/A
2016	-	-	-	N/A	N/A
2017	-	-	-	N/A	N/A
2018	-	-	-	N/A	N/A

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

The City has had no outstanding general obligation bonds in the past ten years.

Population data can be found in the Schedule of Demographic and Economic Statistics on Schedule 19.

## CITY OF DENHAM SPRINGS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBTJUNE 30, 2018  
(Unaudited)

		Amounts In		City of	
		Debt Service		Denham Springs	
	Gross Debt	Fund For	Net Debt	Estimated	Share of
	Outstanding	Principal	Outstanding	Percentage	Debt
				Applicable <sup>1</sup>	
<u>GOVERNMENTAL UNIT - Direct Debt</u>					
City of Denham Springs	\$ -	\$ -	\$ -	100%	\$ -
<u>OTHER GOVERNMENTAL AGENCIES - Overlapping Debt</u>					
School District #1	15,010,000	599,058	14,410,942	31%	4,467,392
Library Bonds	4,400,000	762,691	3,637,309	11%	400,104
Livingston Parish -					
Recreation District No. 3	9,165,000	791,590	8,373,410	39%	3,265,630
Recreation District No. 3	250,000	298,936	(48,936)	39%	(19,085)
Total Other					
Governmental					
Agencies	28,825,000	2,452,275	26,372,725		8,114,041
Total Direct and					
Overlapping					
Debt	\$ 28,825,000	\$ 2,452,275	\$ 26,372,725		\$ 8,114,041
2018 Population					10,332
Per Capita					\$ 785

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Denham Springs. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Net Overlapping Debt is computed to demonstrate the total property tax burden on the taxpayers within the reporting government's geographic jurisdiction and the total debt that their property taxes will be expected to repay.

<sup>1</sup> The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Parish's taxable assessed value that is within the City's boundaries and dividing it by the Parish's total taxable assessed value.

## CITY OF DENHAM SPRINGS

### LEGAL DEBT MARGIN INFORMATION

Last Ten Years  
(Unaudited)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$ 7,493,112	\$ 7,706,854	\$ 7,876,853	\$ 7,728,979
Total Net Debt Applicable to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 7,493,112</u>	<u>\$ 7,706,854</u>	<u>\$ 7,876,853</u>	<u>\$ 7,728,979</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

Note: Under state finance law, the City of Denham Springs' outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 7,981,711	\$ 8,240,110	\$ 8,565,035	\$ 8,566,085	\$ 8,114,856	\$ 8,408,223
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 7,981,711</u>	<u>\$ 8,240,110</u>	<u>\$ 8,565,035</u>	<u>\$ 8,566,085</u>	<u>\$ 8,114,856</u>	<u>\$ 8,408,223</u>
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

Legal Debt Margin Calculation for Fiscal Year 2018

Total Assessed Value	<u>\$ 84,082,230</u>
Debt Limit (10% of Total Assessed Value)	\$ 8,408,223
Less: Debt Applicable to Limit: General Obligation Bonds	<u>-</u>
Legal Debt Margin	<u>\$ 8,408,223</u>

# CITY OF DENHAM SPRINGS

## PLEDGED REVENUE COVERAGE

Last Ten Years  
(Unaudited)

Year	Utility Revenue Bonds					
	Gross Revenue <sup>1</sup>	Other Financial Sources <sup>3</sup>	Expenses <sup>2</sup>	Available for Debt Service	Debt Service	
					Principal	Interest
2009	\$ 10,316,018	\$ -	\$ 7,221,571	\$ 3,094,447	\$ 480,000	\$ 1,402,730 <sup>4</sup>
2010	9,825,063	-	7,351,375	2,473,688	615,000	2,067,006 <sup>5</sup>
2011	9,563,886	-	7,162,349	2,401,537	635,000	2,471,445 <sup>5</sup>
2012	10,294,980	-	6,858,537	3,436,443	660,000	2,447,190 <sup>5</sup>
2013	11,126,388	-	7,262,961	3,863,427	708,888	2,425,081
2014	13,210,170	-	8,251,027	4,959,143	758,692	2,400,873
2015	12,445,012	-	8,204,298	4,240,714	779,692	2,283,432
2016	11,571,657	-	7,107,991	4,463,666	1,331,224	2,104,449
2017	10,672,984	-	7,909,948	2,763,036	1,662,555	1,682,839
2018	11,224,382	-	7,487,609	3,736,773	1,615,000	1,875,240

<sup>1</sup>Total Operating Revenues plus Non-Operating Revenues plus Capitalized Interest Income

<sup>2</sup>Total Operating Expenses plus Non-Operating Expenses less Depreciation and Debt Service Interest on Revenue Bonds not capitalized

<sup>3</sup>Transfers In

<sup>4</sup>Interest capitalized during construction

<sup>5</sup>Interest capitalized during construction plus Debt Service Interest on Revenue Bonds not capitalized

Special Assessment Certificates					
Total	Coverage	Special Assessment Collections	Debt Service		Coverage
			Principal	Interest	
\$ 1,882,730	1.64	\$ -	\$ -	\$ -	N/A
2,682,006	0.92	-	-	-	N/A
3,106,445	0.77	-	-	-	N/A
3,107,190	1.11	-	-	-	N/A
3,133,969	1.23	-	-	-	N/A
3,159,565	1.57	-	-	-	N/A
3,063,124	1.38	-	-	-	N/A
3,435,673	1.30	-	-	-	N/A
3,345,394	0.83	-	-	-	N/A
3,490,240	1.07	-	-	-	N/A

# CITY OF DENHAM SPRINGS

## DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Years  
(Unaudited)

<u>Year</u>	<u>Population<sup>1</sup></u>	<u>Personal Income (amounts expressed in thousands)</u>	<u>Per Capita Income<sup>2</sup></u>	<u>Median Age<sup>5</sup></u>	<u>Public School Enrollment<sup>4</sup></u>
2009	10,480	\$ 336,659	\$ 31,201	N/A	24,311
2010	10,790	329,991	30,583	36.4	24,494
2011	10,215	325,164	31,832	N/A	24,468
2012	10,390	347,920	33,486	N/A	24,773
2013	10,148	346,634	34,158	N/A	25,830
2014	10,215	370,089	36,230	N/A	25,603
2015	10,251	344,885	33,644	N/A	25,845
2016	10,215	345,798	33,852	N/A	25,714
2017	10,314	282,965	27,435	N/A	25,295
2018	10,332	285,917	27,673	N/A	25,460

<sup>1</sup>Per State Treasurer's office years 2009-2010 and 2012-2018, United States Census Bureau year 2011.

<sup>2</sup>Parishwide Per Capita Income Per Louisiana Department of Labor.

<sup>3</sup>Per Louisiana Department of Labor.

<sup>4</sup>Louisiana Department of Education.

<sup>5</sup>United States Census Bureau.

N/A - Not readily available at this time.



Schedule 19

<u>Unemployment Livingston Parish<sup>3</sup></u>	<u>Unemployment Labor Market Area<sup>3</sup></u>
7.3	7.4
8.1	8.3
8.0	8.4
8.2	8.7
6.9	7.8
4.9	6.3
5.6	6.5
5.6	6.0
4.9	5.2
5.0	5.4

**CITY OF DENHAM SPRINGS**Principal Employers

Current Year  
(Unaudited)

Employer	2018		Percentage of Total City Employment
	Employees	Rank	
Livingston Parish School Board	602	1	6.81%
Walmart	287	2	3.24%
City of Denham Springs	169	3	1.91%
Bass Pro Shops	166	4	1.88%
Sam's Club	161	5	1.82%
Keller Williams	151	6	1.71%
Home Depot	137	7	1.55%
Whitney Bank	133	8	1.50%
B&C Sheet Metal	100	9	1.13%
All Star Automotive Dealerships	97	10	1.10%
	2003		22.64%

Source: Livingston Economic Development Council

Note: Fiscal year June 30, 2012 is the first year the City of Denham Springs included the schedule of Principal Employers. Information for nine years ago was not available for presentation.

# CITY OF DENHAM SPRINGS

## FULL-TIME EQUIVALENT CITY OF DENHAM SPRINGS EMPLOYEES BY FUNCTION

Last Ten Fiscal Years  
(Unaudited)

Function	Full-time Equivalent Employees as of June 30				
	2009	2010	2011	2012	2013
General Government:					
General Provisions	14	14	14	14	14
Cemetery	-	-	-	-	-
Business License and Permit	1	1	1	1	1
Ward II Court	2	2	2	2	2
Planning and Zoning	3	3	3	3	3
Landscaping	-	-	-	-	-
Public Safety:					
Animal Control	10	10	10	10	13
Firemen	28	29	29	29	29
Firemen Administrative Staff	-	-	-	-	-
Policemen	33	36	34	36	33
Police Evidence Officer	1	1	-	-	-
Police Communications	3	3	3	2	2
Police Administrative Staff	5	5	5	5	5
Police Crossing Guards	3	3	3	3	3
Litter Control	-	-	-	-	-
Public Works:					
Street	18	21	21	21	20
Culture and Recreation:					
Main Street Director	-	-	-	-	-
Old City Hall Secretary	1	1	1	1	1
Public Utilities:					
Natural Gas, Water and Sewer	43	46	46	47	42
Motor Pool:					
Mechanics	2	2	2	2	2
Total Full-time Equivalent	<u>167</u>	<u>177</u>	<u>174</u>	<u>176</u>	<u>170</u>
Total Full-time and Part-time Employees	<u>186</u>	<u>179</u>	<u>187</u>	<u>186</u>	<u>189</u>

Note: Information provided by the City of Denham Springs.

The Mayor is an elected full-time position. This position is not included in the above schedule.

Schedule 21

Full-time Equivalent Employees as of June 30				
2014	2015	2016	2017	2018
14	12	10	15	16
-	-	-	-	-
1	1	1	1	1
2	2	2	2	1
2	4	4	5	4
-	-	-	-	-
11	13	8	7	8
26	27	26	27	27
3	2	2	2	2
31	33	26	26	31
-	-	1	1	1
3	4	4	5	5
5	5	4	6	5
3	3	3	3	3
-	-	-	-	-
23	20	18	20	16
-	-	-	1	1
1	1	1	1	1
41	44	42	33	33
2	2	2	2	2
<u>168</u>	<u>173</u>	<u>154</u>	<u>157</u>	<u>157</u>
<u>175</u>	<u>183</u>	<u>174</u>	<u>162</u>	<u>163</u>

# CITY OF DENHAM SPRINGS

## OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years  
(Unaudited)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>General Government</b>				
<b>Election Data</b>				
Registered Voters	6,530	N/A	6,453	6,370
Voters at polls	2,447	N/A	2,042	1,387
Absentee ballots	304	N/A	175	177
Percent Voting	37.48%	N/A	34.36%	24.55%
<b>Ward II Court</b>				
<b>Court Cases</b>				
Civil	1,703	1,922	1,791	1,791
Criminal	1,750	2,078	1,894	1,779
Landlord and tenant (Included in Civil)	N/A	N/A	N/A	N/A
Small Claims	-	-	-	-
Traffic	12,256	17,084	15,798	12,238
<b>Public Safety</b>				
<b>Police Protection</b>				
Adult arrests	946	904	984	1,012
Civil infractions	N/A	N/A	N/A	N/A
Group A Offenses	1,169	1,279	1,229	1,271
Group B Offenses	603	1,061	772	1,127
Accidents w/injury	111	263	152	146
Juvenile arrest	98	106	87	78
DWI	118	138	143	147
Parking violations	N/A	N/A	N/A	N/A
Criminal damage to property	397	179	199	183
Private property damage	N/A	N/A	N/A	N/A
Total traffic violations	9,043	9,081	9,365	10,087
<b>Fire Protection</b>				
Fire	88	61	47	78
Estimated Loss Due to Fire Incidents Reported	\$ 142,175	\$ 1,228,225	\$ 1,140,450	\$ 266,100
Overpressure rupture, explosion, overhear (no fire)	6	4	3	5
Rescue & Emergency Medical Service Incident	1,026	977	939	875
Hazardous Condition (No Fire)	63	40	41	44
Service Call	137	89	82	116
Good Intent Call	103	18	46	107
False Alarm & False Call	78	108	76	87
Severe Weather & Natural Disaster	5	-	1	3
Special Incident Type	7	3	-	-

(CONTINUED)

2013	2014	2015	2016	2017	2018
6,514	6,394	6,388	5,877	6,445	5,883
2,123	640	2,407	1,668	2,933	1,075
N/A	80	346	297	1,137	212
32.59%	11.26%	43.10%	33.43%	63.15%	21.86%
1,746	1,815	2,478	1,953	1,207	1,641
1,718	1,764	1,755	N/A	415	473
N/A	N/A	N/A	N/A	N/A	N/A
-	-	-	1,103	N/A	N/A
15,683	12,641	15,440	10,975	3,577	6,357
853	880	936	885	683	1,049
N/A	N/A	N/A	N/A	719	N/A
1,311	999	984	826	711	970
1,199	842	1,564	898	742	996
136	243	169	119	111	125
66	59	58	42	35	53
102	75	69	70	76	81
N/A	N/A	N/A	N/A	N/A	N/A
119	138	142	120	101	106
N/A	N/A	N/A	N/A	N/A	N/A
9,604	6,005	12,125	9,147	8,025	9,967
62	74	54	56	53	56
\$ 491,800	\$ 809,350	\$ 908,700	\$ 167,800	\$ 665,800	\$ 455,900
1	4	8	4	2	-
1,074	1,282	1,223	1,045	908	1,074
23	32	41	39	38	23
134	116	116	163	131	180
135	209	287	219	213	232
127	120	141	107	150	128
-	1	5	2	2	1
2	3	6	1	-	2

# CITY OF DENHAM SPRINGS

## OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years (Unaudited)				
	2009	2010	2011	2012
<b>Natural Gas Services</b>				
<b>Customers</b>	6,394	6,483	6,189	6,223
Inside - Residential	2,458	2,430	2,175	2,169
Inside - Commercial/Industrial	355	357	265	260
Outside - Residential	3,504	3,616	3,676	3,720
Outside - Commercial/Industrial	77	80	73	74
<b>Natural Gas (in million cubic feet (MCF))</b>				
Purchased from LA Municipal Gas Authority (LMGA)	270,765	340,280	302,402	247,898
Sold to customers	263,564	322,042	319,225	234,112
<b>Rates</b>				
<b>All customers inside and outside the city</b>				
Minimum monthly charge	\$ 8.25	\$ 8.25	\$ 8.25	\$ 8.25
Monthly gas rate - cost of gas plus .91 cents per CCF (hundred cubic feet)	eff. 3-1-08	eff. 3-1-08	eff. 3-1-08	eff. 7-1-11
<b>Water Services</b>				
<b>Customers</b>	7,584	7,574	7,977	8,215
Inside - Residential	3,351	3,327	3,865	3,930
Inside - Commercial/Industrial	692	686	217	260
Outside - Residential	3,463	3,483	3,476	3,828
Outside - Commercial/Industrial	78	78	178	197
Contracted Service - Shadow Springs Utility System, Inc.	N/A	N/A	241	-
<b>Water (per hundred gallons)</b>				
Sold to customers	7,880,994	7,840,105	8,280,542	8,561,011
<b>Rates (amount billed customers)</b>				
<b>Inside the corporate limits</b>				
For the first 2,500 gallons monthly minimum charge based on meter size - Refer to meter chart (A)				
For every 1,000 gallons or part thereof next 5,500 gallons	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25
For every 1,000 gallons or part thereof next 17,000 gallons	\$ 2.10	\$ 2.10	\$ 2.10	\$ 2.10
For every 1,000 gallons or part thereof all over 25,000 gallons	\$ 1.95	\$ 1.95	\$ 1.95	\$ 1.95
Flat fee for filling of swimming pool or tank truck from fire hydrant by authorized personnel	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00

(CONTINUED)

2013	2014	2015	2016	2017	2018
6,274	6,325	6,362	6,410	5,816	5,991
2,179	2,168	2,132	2,144	1,762	1,800
255	254	262	259	228	233
3,765	3,824	3,887	3,923	3,745	3,878
75	79	81	84	81	80
278,445	321,867	302,169	242,638	183,224	258,735
266,238	342,111	287,104	266,666	182,691	257,962
\$ 8.25	\$ 8.32	\$ 8.48	\$ 8.41	\$ 8.48	\$ 8.66
eff. 3-1-13	eff. 7-1-13	eff. 7-1-14	eff. 7-1-15	eff. 7-1-16	eff. 7-1-17
8,370	8,470	8,606	8,645	8,095	8,305
3,950	3,943	3,927	3,914	3,535	3,605
268	275	286	290	285	291
3,941	4,029	4,153	4,184	4,004	4,121
211	223	240	257	271	288
-	-	-	-	-	-
8,156,525	7,892,791	7,576,086	7,693,095	8,750,638	7,070,081
\$ 2.25	\$ 2.27	\$ 2.31	\$ 2.29	\$ 2.31	\$ 2.36
\$ 2.10	\$ 2.12	\$ 2.16	\$ 2.14	\$ 2.16	\$ 2.21
\$ 1.95	\$ 1.97	\$ 2.01	\$ 1.99	\$ 2.01	\$ 2.05
\$ 75.00	\$ 75.64	\$ 77.12	\$ 76.48	\$ 77.11	\$ 78.76



# CITY OF DENHAM SPRINGS

## OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years  
(Unaudited)

	2009	2010	2011	2012
<b>Chart (A) - Monthly minimum charge</b>				
5/8 inch	\$ 6.75	\$ 6.75	\$ 6.75	\$ 11.75
3/4 inch	\$ 9.10	\$ 9.10	\$ 9.10	\$ 14.10
1 inch	\$ 15.15	\$ 15.15	\$ 15.15	\$ 20.15
1 1/2 inch	\$ 30.15	\$ 30.15	\$ 30.15	\$ 35.15
2 inch	\$ 48.30	\$ 48.30	\$ 48.30	\$ 53.30
3 inch	\$ 91.25	\$ 91.25	\$ 91.25	\$ 96.25
4 inch	\$ 152.20	\$ 152.20	\$ 152.20	\$ 157.20
6 inch	\$ 303.80	\$ 303.80	\$ 303.80	\$ 308.80
8 inch	\$ 607.25	\$ 607.25	\$ 607.25	\$ 612.25

### Outside the corporate limits

For the first 2,500 gallons monthly minimum charge  
based on meter size - Refer to meter chart (B)

For every 1,000 gallons or part thereof

next 5,500 gallons	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25
--------------------	---------	---------	---------	---------

For every 1,000 gallons or part thereof

next 17,000 gallons	\$ 2.10	\$ 2.10	\$ 2.10	\$ 2.10
---------------------	---------	---------	---------	---------

For every 1,000 gallons or part thereof

all over 25,000 gallons	\$ 1.95	\$ 1.95	\$ 1.95	\$ 1.95
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Flat fee for filling of swimming pool or tank truck

from fire hydrant by authorized personnel	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00
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### Chart (B) - Monthly minimum charge

5/8 inch	\$ 7.25	\$ 7.25	\$ 7.25	\$ 12.25
3/4 inch	\$ 10.90	\$ 10.90	\$ 10.90	\$ 15.90
1 inch	\$ 18.15	\$ 18.15	\$ 18.15	\$ 23.15
1 1/2 inch	\$ 36.20	\$ 36.20	\$ 36.20	\$ 41.20
2 inch	\$ 57.95	\$ 57.95	\$ 57.95	\$ 62.95
3 inch	\$ 109.50	\$ 109.50	\$ 109.50	\$ 114.50
4 inch	\$ 182.60	\$ 182.60	\$ 182.60	\$ 187.60
6 inch	\$ 364.55	\$ 364.55	\$ 364.55	\$ 369.55
8 inch	\$ 728.70	\$ 728.70	\$ 728.70	\$ 733.70

### Sewer Services

<b>Customers</b>	5,601	5,547	5,600	5,654
Inside - Residential	3,210	3,184	3,256	3,262
Inside - Commercial/Industrial	636	633	632	645
Outside - Residential	1,715	1,691	1,219	1,259
Outside - Commercial/Industrial	40	39	20	21
Contracted Services-LP Sewer District #1 and #2	N/A	N/A	473	467
Denham Springs Sewerage District #1	N/A	N/A	1,269	1,847

(CONTINUED)

Schedule 22  
(Continued)

2013	2014	2015	2016	2017	2018
\$ 11.75	\$ 11.85	\$ 12.08	\$ 11.98	\$ 12.08	\$ 12.34
\$ 14.10	\$ 14.22	\$ 14.50	\$ 14.38	\$ 14.50	\$ 14.81
\$ 20.15	\$ 20.32	\$ 20.72	\$ 20.55	\$ 20.72	\$ 21.16
\$ 35.15	\$ 35.45	\$ 36.15	\$ 35.85	\$ 36.15	\$ 36.92
\$ 53.30	\$ 53.75	\$ 54.81	\$ 54.36	\$ 54.81	\$ 55.98
\$ 96.25	\$ 97.07	\$ 98.98	\$ 98.16	\$ 98.97	\$ 101.09
\$ 157.20	\$ 158.54	\$ 161.65	\$ 160.32	\$ 161.65	\$ 165.11
\$ 308.80	\$ 311.43	\$ 317.55	\$ 314.93	\$ 317.54	\$ 324.33
\$ 612.25	\$ 617.47	\$ 629.59	\$ 624.40	\$ 629.57	\$ 643.04
\$ 2.25	\$ 2.27	\$ 2.31	\$ 2.29	\$ 2.31	\$ 2.36
\$ 2.10	\$ 2.12	\$ 2.16	\$ 2.14	\$ 2.16	\$ 2.21
\$ 1.95	\$ 1.97	\$ 2.01	\$ 1.99	\$ 2.01	\$ 2.05
\$ 75.00	\$ 75.64	\$ 77.12	\$ 76.48	\$ 77.11	\$ 78.76
\$ 12.25	\$ 12.35	\$ 12.60	\$ 12.50	\$ 12.60	\$ 12.87
\$ 15.90	\$ 16.04	\$ 16.35	\$ 16.22	\$ 16.35	\$ 16.70
\$ 23.15	\$ 23.35	\$ 23.81	\$ 23.61	\$ 23.81	\$ 24.32
\$ 41.20	\$ 41.55	\$ 42.37	\$ 42.02	\$ 42.37	\$ 43.28
\$ 62.95	\$ 63.49	\$ 64.73	\$ 64.20	\$ 64.73	\$ 66.11
\$ 114.50	\$ 115.48	\$ 117.74	\$ 116.77	\$ 117.74	\$ 120.26
\$ 187.60	\$ 189.20	\$ 192.91	\$ 191.32	\$ 192.90	\$ 197.03
\$ 369.55	\$ 372.65	\$ 379.97	\$ 376.84	\$ 379.96	\$ 388.09
\$ 733.70	\$ 739.96	\$ 754.48	\$ 748.26	\$ 754.46	\$ 770.60
5,719	5,262	5,256	5,258	4,832	4,947
3,278	3,264	3,257	3,252	2,951	3,014
653	654	654	657	614	629
1,301	1,322	1,324	1,325	1,245	1,280
22	22	21	24	22	24
465	471	474	470	456	463
2,089	2,147	2,237	2,332	2,234	2,307

# CITY OF DENHAM SPRINGS

## OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years (Unaudited)				
	2009	2010	2011	2012
<b>Rates (amount billed customers)</b>				
<b>(The City of Denham Springs and Denham Springs Sewerage District #1 use the same rate tables)</b>				
<b>Residential customers inside the city</b>				
Monthly flat fee and	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
% of water consumption per 100 gallons	25%	25%	25%	25%
<b>Residential customers outside the city</b>				
Monthly flat fee and	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00
% of water consumption per 100 gallons	25%	25%	25%	25%
<b>Commercial customers inside the city</b>				
<b>Hotels/Motels</b>				
Monthly flat fee of \$10.00 based on number of rooms and % of water consumption per 100 gal.	341 Rooms 25%	444 Rooms 25%	444 Rooms 25%	444 Rooms 25%
<b>All other commercial customers inside the city</b>				
Monthly flat fee based on commercial business zone and				
Zone C-1 \$20.00	23	23	27	27
Zone C-2 \$25.00	40	40	35	36
Zone C-3 \$30.00	510	529	391	408
Zone C-4 \$35.00	34	34	41	43
Zone I-1 and I-2 \$40.00	23	23	31	32
25% of water consumption				
per 100 gallons (Month Avg. 26,409)	25%	25%	25%	25%
RIRZ	23	23	27	26
<b>Commercial customers outside the city</b>				
<b>Hotels/Motels</b>				
Monthly flat fee of \$12.10 based on number of rooms and % of water consumption per 100 gal.	None 25%	None 25%	None 25%	None 25%
<b>All other commercial customers outside the city</b>				
Monthly flat fee and	Included w/	Included w/	Included w/	Included w/
% of water consumption per 100 gallons	inside City	inside City	inside City	inside City

(CONTINUED)

2013	2014	2015	2016	2017	2018
\$ 10.00 25%	\$ 10.09 25.21%	\$ 10.28 25.71%	\$ 10.20 26%	\$ 10.28 26%	\$ 10.50 26%
\$ 12.00 25%	\$ 12.10 25.21%	\$ 12.37 25.71%	\$ 12.24 26%	\$ 12.37 26%	\$ 12.60 26%
444 Rooms 25%	513 Rooms 25.21%	513 Rooms 25.71%	513 Rooms 26%	517 Rooms 26%	517 Rooms 26%
28	28	26	28	25	25
35	36	37	37	34	37
401	402	403	404	378	387
43	42	43	40	37	41
33	33	32	35	35	32
25% 25	25.21% 26	25.71% 25	26% 24	26% 21	26% 21
None 25%	None 25.21%	None 25.71%	None 26%	None 26%	None 26%
Included w/ inside City	Included w/ inside City	Included w/ inside City	Included w/ inside City	Included w/ inside City	Included w/ inside City

# CITY OF DENHAM SPRINGS

## OPERATING INDICATORS BY FUNCTION (CONTINUED)

	Last Ten Fiscal Years (Unaudited)			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Sanitation Services</b>				
<b>Customers</b>	3,485	3,460	3,504	3,559
Inside - Residential	3,323	3,297	3,355	3,396
Inside - Commercial/Industrial	162	163	149	163
Sanitation Service Contracted Rates - Monthly per Customer				
Twice Weekly Pickup and Weekly Pickup of Recycling	\$ 17.44	\$ 17.44	\$ 18.00	\$ 18.00
<b>Rates (amount billed customers)</b>				
Inside - Residential	\$ 17.44	\$ 17.44	\$ 17.44	\$ 18.00
Inside - Commercial/Industrial	\$ 15.69	\$ 15.69	\$ 15.69	\$ 18.00
Inside - Senior Citizens	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00

Sources:

Election Data - Livingston Parish Registrar of Voter's Office  
 Court Cases - City Court of Denham Springs - Ward II  
 Police Protection - City of Denham Springs Police Department  
 Fire Protection - City of Denham Springs Fire Department  
 Customer Counts and Rates - City of Denham Springs Utility Billing office

Schedule 22  
(Continued)

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
3,574	3,579	3,565	3,573	3,180	3,238
3,414	3,422	3,405	3,413	3,032	3,087
160	157	160	160	148	151
\$ 18.00	\$ 18.00	\$ 18.34	\$ 18.20	\$ 18.20	\$ 18.20
\$ 18.00	\$ 18.00	\$ 18.34	\$ 18.20	\$ 18.20	\$ 18.20
\$ 18.00	\$ 18.00	\$ 18.34	\$ 18.20	\$ 18.20	\$ 18.20
\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00

**CITY OF DENHAM SPRINGS**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
(Unaudited)

	2009	2010	2011	2012	2013
<b>General Government</b>					
<b>Buildings</b>					
Municipal (City Hall, Ward II Court and Ward II Marshall)	1	1	1	1	1
<b>Public Safety</b>					
<b>Police Protection</b>					
Stations	1	1	1	1	1
Vehicles - Marked	33	31	36	32	31
Vehicles - Unmarked	7	7	7	11	10
Motorcycles - Marked	4	4	4	5	5
<b>Fire Protection</b>					
Administrative Office	1	1	1	1	1
Stations	3	3	3	3	3
Vehicles - Extinguishment	6	6	6	6	6
Vehicles - Emergency Medical	1	1	1	1	1
<b>Public Works</b>					
<b>Streets and Sidewalks</b>					
Miles of City:					
Primary streets (State and Federal)	N/A	N/A	N/A	N/A	N/A
Secondary streets (City)	45.3	45.3	45.3	45.3	45.3
Sidewalks	N/A	N/A	N/A	N/A	N/A
Bridges	N/A	N/A	N/A	N/A	N/A
Buildings	2	2	2	2	2
Street Lights:					
Residential	652	652	652	652	652
Street and Highway	284	284	284	284	284
Security Light	2	2	2	2	2
Vehicles	17	17	17	17	17
<b>Natural Gas, Water and Sewer Services</b>					
Fire Hydrants	1,099	1,099	1,099	1,099	1,408
Miles of natural gas mains	180	180	180	180	180
Miles of water mains	N/A	N/A	N/A	N/A	148
Miles of sanitary sewer:					
City of Denham Springs	N/A	N/A	N/A	N/A	68
Denham Springs Sewerage District #1	N/A	N/A	N/A	N/A	38
Number of sewer pumping stations:					
City of Denham Springs	37	37	37	39	39
Denham Springs Sewerage District #1	N/A	N/A	30	43	43
Type of sewer treatment system	Oxidation Ponds	Mechanical System	Mechanical System	Mechanical System	Mechanical System
<b>Recreation and Culture</b>					
<b>Parks and Recreation</b>					
Acres	3	3	3	3	4
Developed Parks (Spring, Train Station, Willow & Old City Hall)	2	3	4	4	5
Buildings (Spring, Train Station, and Old City Hall)	3	3	3	3	4

Sources:

Number of Street Lights - Entergy  
Fire Hydrants and Miles of Water Mains - City of Denham Springs Water Department  
Sewer Lines, Pumping Stations, and Type of Sewer Treatment System - City of Denham Springs Sewer Department  
Miles of Gas Mains - City of Denham Springs Gas Department  
All Other Information - City of Denham Springs Accounting and Administrative Departments

Schedule 23

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
1	1	1	1	1
1	1	1	1	1
32	32	30	32	37
10	10	7	6	8
5	5	5	5	5
1	1	1	1	-
3	3	3	3	3
6	6	6	5	7
1	1	1	1	-
N/A	N/A	N/A	N/A	N/A
45.3	45.3	45.3	45.3	45.3
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
2	2	2	2	3
652	652	613	613	613
284	284	343	343	343
2	2	11	11	11
19	19	19	20	21
1,410	1,415	1,415	1,418	1,420
180	189	189	191	191
148	150	150	150	150
68	68	68	69	69
38	38	38	39	40
39	39	39	36	36
43	44	44	48	49
Mechanical System	Mechanical System	Mechanical System	Mechanical System	Mechanical System
4	4	4	4	4
5	6	6	6	6
4	4	4	4	4