

City of Denham Springs, State of Louisiana



***COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT***

For The Year Ended June 30, 2017

**Comprehensive  
Annual Financial Report  
of the**

**CITY OF DENHAM SPRINGS**

**Denham Springs, Louisiana**

**For the Fiscal Year Ended  
June 30, 2017**

**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, 2017

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

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

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# *City of Denham Springs*

**MAYOR**  
GERARD LANDRY

**CITY TREASURER**  
MICHELLE W. HOOD

**CITY CLERK**  
JOAN LEBLANC

December 27, 2017

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, 2017.

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, 2017, 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 10,314. 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<br>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, this comparison is presented in Exhibit B-5 as part of the financial statements of the governmental funds. The only other governmental funds with annual appropriated budgets are the Capital Projects Fund and the Witness Fee Special Revenue Fund. These funds are considered nonmajor funds. The budget comparisons are presented in Exhibits D-3 and D-4 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 City of Denham Springs continues to explore additional tracts of land within the City for future commercial growth. The vision is to design streets providing access to vacant available land. Land owners in these identified areas willing to donate the necessary land to construct these streets have the potential to benefit economically from the anticipated commercial growth. The City is currently researching available funding, such as grants, from the State of Louisiana.

The region (which includes the City of Denham Springs and the surrounding unincorporated area within Livingston Parish) has an employed labor force of approximately 65,068. This is according to the Louisiana Department of Labor June 2017 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 2017

### 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.
- U.S.190 and 4-H Club Road (LA Hwy. 1032) turn lane project. This project added new left turn lanes on 4H Club Road at the intersections of Rushing Road and Florida Boulevard. This project was funded by State appropriations. As of June 30, 2017, \$284,212 in City funds were spent on engineering costs related to this completed project.
- Northside Sidewalk project. Sidewalks are being constructed along Robbie Street to Northside Elementary School. Additionally, crosswalks will be installed across Cockerham Road and at several places on Robbie Street where crossroads meet Robbie Street. This project is being funded through the federal program Safe Routes to Schools. The City is responsible for design costs. As of June 30, 2017, design costs paid by the City have totaled \$71,243.
- 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.
- 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, 2017 \$464,657 and \$200,844 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. Julia Street and River Road North are expected to see construction begin 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, 2017, \$84,500 has been spent on design costs for Julia Street and \$87,500 has been spent on design costs for 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, 2017 the City has spent \$3,041 on engineering costs 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 cursive script that reads "Michelle Hood".

Michelle Hood  
City Treasurer

CITY OF DENHAM SPRINGS  
PRINCIPAL ELECTED OFFICIALS

JUNE 30, 2017

Mayor:

H. Gerard Landry

City Council Members:

Current Terms Expire December 31, 2018:

Lori Lamm-Williams

Christopher Davis (Resigned March 31, 2017)

Jeffrey Wesley

Rene Delahoussaye

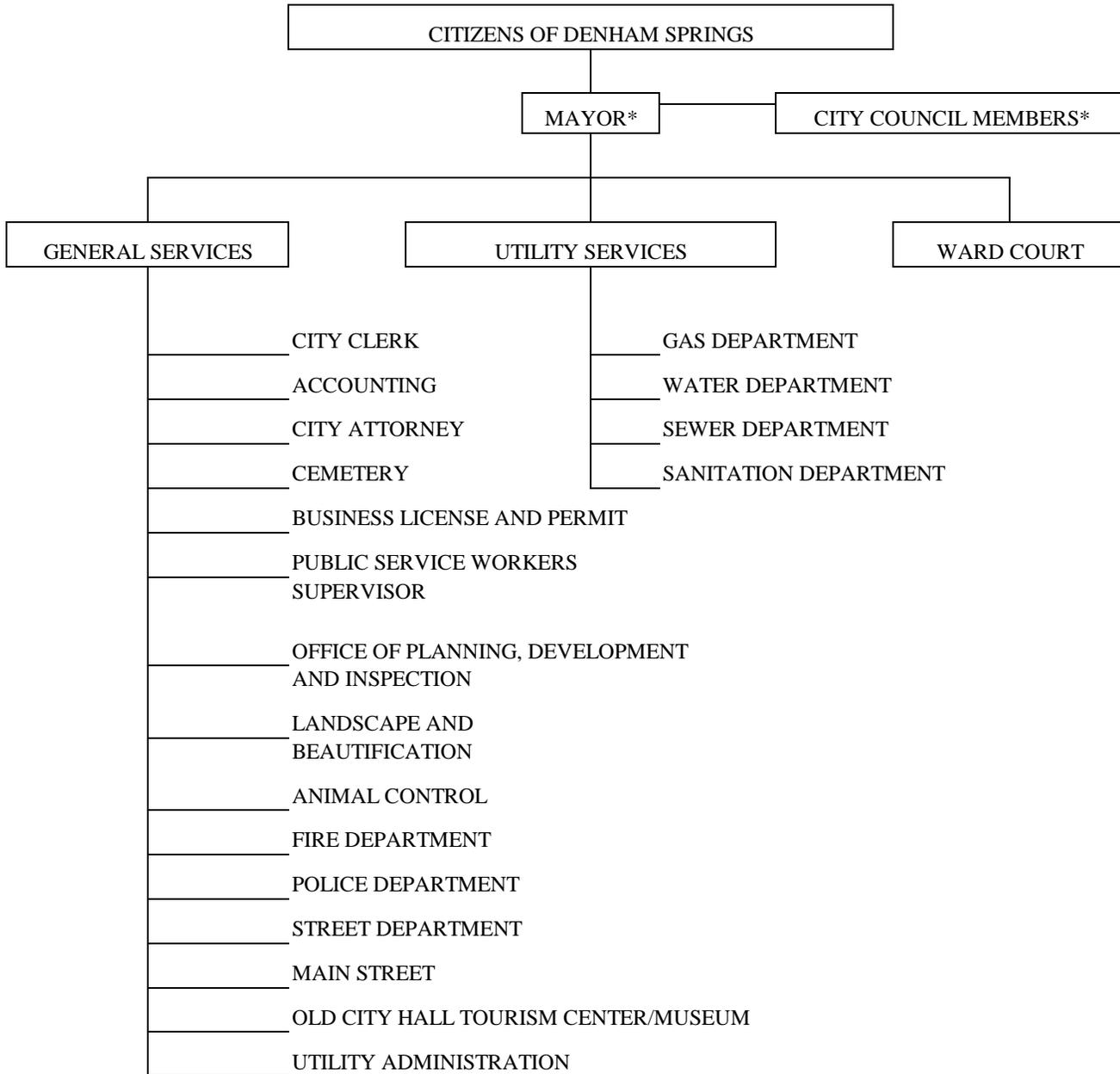
Robert Poole

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

**CITY OF DENHAM SPRINGS**

ORGANIZATIONAL CHART

JUNE 30, 2017



\* ELECTED OFFICIALS



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178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726  
Phone: 225.928.4770 • Fax: 225.926.0945  
650 Poydras Street, Suite 1200 • New Orleans, LA 70130  
Phone: 504.274.0200 • Fax: 504.274.0201  
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## 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 aggregate remaining fund information of the City of Denham Springs, Louisiana as of and for the year ended June 30, 2017, 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 of the Capital Projects Fund and the Special Revenue Fund as of and for the year ended June 30, 2017, as listed in the table of contents as exhibits D-1 through D-4.

### **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, which represent .45 percent, .17 percent, and 7.20 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by another auditor whose report has 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, is based solely on the report 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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison statement of the general 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, 2017, and the respective changes in financial position, and, where applicable cash flows thereof and the budgetary comparison schedule of the Capital Projects Fund and the Special Revenue Fund (exhibits D-3 and D-4) 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 124 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.

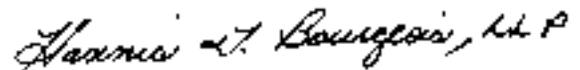
The capital assets schedules, Exhibits E-1 through E-3, and the supplementary schedule of insurance coverage in force, Schedule 3, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 27, 2017, 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,



Denham Springs, Louisiana  
December 27, 2017

**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, 2017. 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 \$17,735,734 (*net position*).
- The primary government's total net position compared to prior year of \$16,252,285 increased by \$1,483,449.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,744,951, an increase of \$2,056,305 in comparison with the prior year combined ending fund balances of \$3,688,646. Approximately seventy-seven percent of this total amount, \$4,422,595, 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 \$4,422,595 or 24 percent of total general fund expenditures.
- The City's total liabilities increased by \$4,229,321 during the current fiscal year. Governmental Activities liabilities increased \$2,308,574 while liabilities for Business-Type activities increased \$1,920,747. Significant to this increase were increases in the City's Net Pension Liability of \$1,235,376 for Governmental Activities and \$190,214 for Business-Type Activities, an increase in accounts payable and accrued expenses of \$1,099,966 in Governmental Activities offset by a decrease of these items in Business-Type Activities of \$9,144.

### **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, which is considered a major fund. Data from the other four governmental funds (capital projects, 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. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements are presented in Exhibits B-1 to B-5 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 0.25% for the fiscal year ended June 30, 2017.

During the fiscal year ended June 30, 2017, 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, 2017.

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 45-122 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-4 of this report.

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

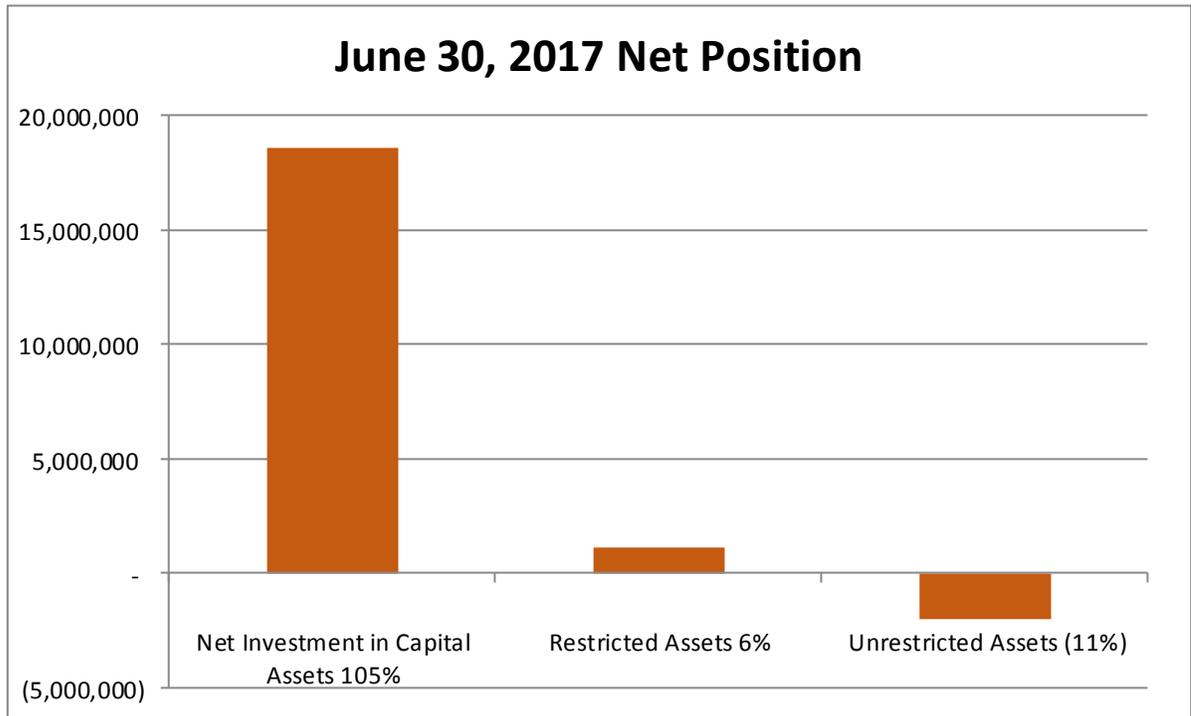
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Denham Springs, assets exceeded liabilities by \$17,735,734 at the close of the most recent fiscal year.

The following table reflects the Condensed Statement of Net Position for June 30, 2017 with comparative figures from 2016.

City of Denham Springs  
Condensed Statement of Net Position  
June 30, 2017 and 2016

	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
<b>Assets:</b>						
Current and Other						
Assets	\$ 7,427,821	\$ 4,421,776	\$ 5,124,506	\$ 5,220,378	\$ 12,552,327	\$ 9,642,154
Restricted Assets	-	-	2,238,484	2,192,102	2,238,484	2,192,102
Capital Assets	7,985,963	7,585,930	58,410,337	60,442,748	66,396,300	68,028,678
Total Assets	15,413,784	12,007,706	65,773,327	67,855,228	81,187,111	79,862,934
<b>Deferred Outflows of Resources:</b>						
Deferred Amount on Refunding	-	-	5,468,777	2,256,285	5,468,777	2,256,285
Deferred Outflows -						
Related to Pensions	4,016,541	2,760,294	856,823	680,879	4,873,364	3,441,173
Total Deferred Outflows of Resources	4,016,541	2,760,294	6,325,600	2,937,164	10,342,141	5,697,458
<b>Liabilities:</b>						
Current Liabilities	1,759,078	667,668	3,276,149	3,124,097	5,035,227	3,791,765
Long-Term Liabilities	12,090,418	10,873,254	55,392,765	53,624,070	67,483,183	64,497,324
Total Liabilities	13,849,496	11,540,922	58,668,914	56,748,167	72,518,410	68,289,089
<b>Deferred Inflows of Resources:</b>						
Deferred Inflows -						
Related to Pensions	1,126,899	933,278	148,209	85,740	1,275,108	1,019,018
<b>Net Position:</b>						
Net Investment in						
Capital Assets	7,894,411	7,578,587	10,709,842	9,343,728	18,604,253	16,922,315
Restricted	1,110,623	1,076,407	-	-	1,110,623	1,076,407
Unrestricted (Deficit)	(4,551,104)	(6,361,194)	2,571,962	4,614,757	(1,979,142)	(1,746,437)
Total Net Position	\$ 4,453,930	\$ 2,293,800	\$ 13,281,804	\$ 13,958,485	\$ 17,735,734	\$ 16,252,285

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, \$18,604,253, 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 \$1,110,623, represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$1,979,142) 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 \$1,483,449 during the current fiscal year as compared to 2016's increase of \$786,207. Attributable to this increase is an increase in net investment in capital assets of \$1,851,915, an increase in restricted net position of \$34,216, offset by a decrease in unrestricted net position of \$402,682. Key to the increase in unrestricted net position in the governmental activities is investment in streets, drainage, sidewalks, parking, and parks. 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 \$2,223,409.

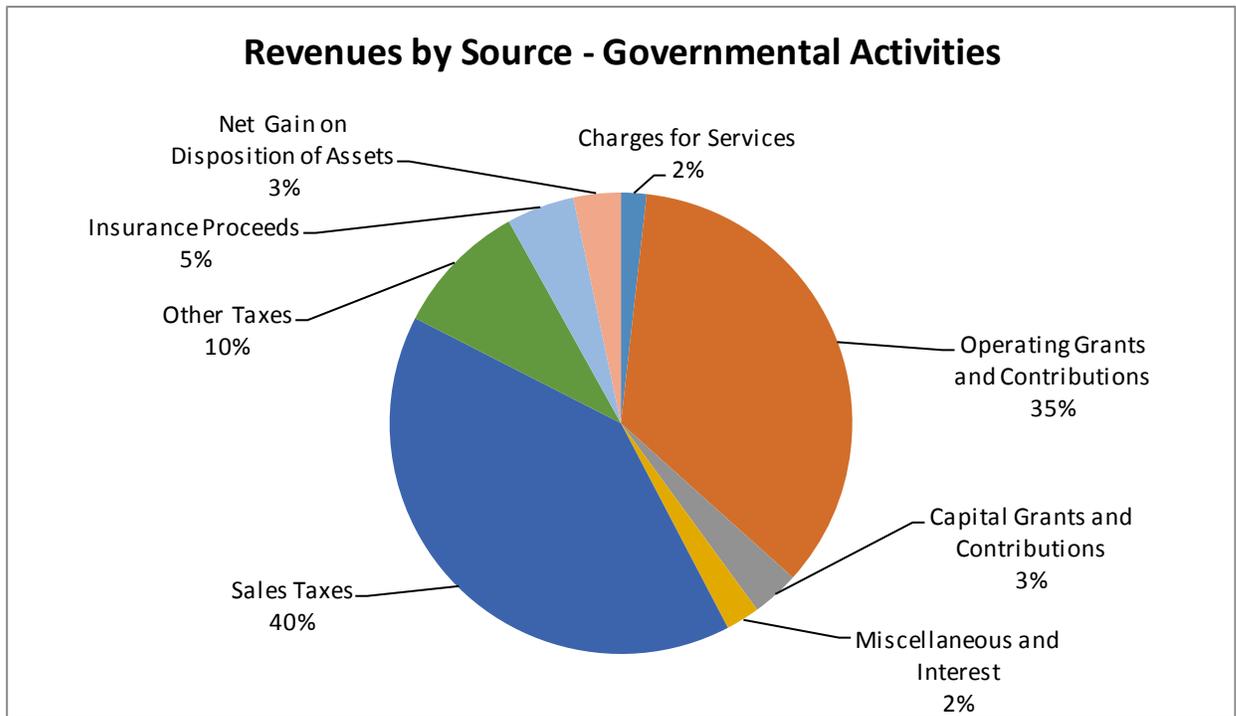
The condensed statement below provides a summary of the changes in net position for the year ended June 30, 2017, with comparative figures from 2016.

	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	\$ 368,595	\$ 556,095	\$ 9,719,733	\$ 11,361,594	\$ 10,088,328	\$ 11,917,689
Operating Grants and Contributions	7,288,463	763,052	528,014	170,101	7,816,477	933,153
Capital Grants and Contributions	691,742	-	466,531	385,893	1,158,273	385,893
General Revenues:						
Sales Taxes	8,389,648	7,281,993	-	-	8,389,648	7,281,993
Other Taxes	1,965,385	2,175,835	-	-	1,965,385	2,175,835
Insurance Proceeds	988,916	-	279,209	-	1,268,125	-
Net Gain (Loss) on Disposition of Capital Assets	694,649	29,473	118,514	5,127	813,163	34,600
Miscellaneous	484,534	607,045	10,186	25,007	494,720	632,052
Other	12,542	10,797	17,328	9,828	29,870	20,625
Total Revenues	<u>20,884,474</u>	<u>11,424,290</u>	<u>11,139,515</u>	<u>11,957,550</u>	<u>32,023,989</u>	<u>23,381,840</u>
Expenses:						
General Government	2,639,793	2,152,354	-	-	2,639,793	2,152,354
Public Safety	7,144,277	6,805,088	-	-	7,144,277	6,805,088
Highways and Streets	8,776,068	1,971,847	-	-	8,776,068	1,971,847
Health	30,273	51,650	-	-	30,273	51,650
Culture and Recreation	133,933	161,147	-	-	133,933	161,147
Gas	-	-	2,304,551	2,282,747	2,304,551	2,282,747
Water	-	-	2,406,037	2,394,908	2,406,037	2,394,908
Sewer	-	-	6,192,531	5,879,536	6,192,531	5,879,536
Sanitation	-	-	913,077	896,356	913,077	896,356
Total Expenses	<u>18,724,344</u>	<u>11,142,086</u>	<u>11,816,196</u>	<u>11,453,547</u>	<u>30,540,540</u>	<u>22,595,633</u>
Increase (Decrease) in Net Position	2,160,130	282,204	(676,681)	504,003	1,483,449	786,207
Net Position - Beginning of Year	<u>2,293,800</u>	<u>2,011,596</u>	<u>13,958,485</u>	<u>13,454,482</u>	<u>16,252,285</u>	<u>15,466,078</u>
Net Position - End of Year	<u>\$ 4,453,930</u>	<u>\$ 2,293,800</u>	<u>\$ 13,281,804</u>	<u>\$ 13,958,485</u>	<u>\$ 17,735,734</u>	<u>\$ 16,252,285</u>

**Governmental activities.** Governmental activities increased the City of Denham Springs's net position by \$2,160,130. Key elements of this net increase are documented below.

Total revenues from Governmental activities increased by \$9,460,184 over the prior year caused mainly by the following:

- Sales taxes increased by 15.2 % or \$1,107,655 during the fiscal year. These increases are primarily attributable to post flood sales. There was an increase of \$643,714 (9.8%) in sales outside of the Bass Pro district and an increase of \$465,681 (140%) in taxes related to vehicle purchases. The increases are related to replacement of flood lost items. Sales taxes inside of the Bass Pro district remained level in the current year when compared to the prior year.
- Franchise fees decreased by \$137,774.
- Charges for services decreased \$187,500 during the fiscal year. This is largely attributable to a decrease in fines collected.
- Operating grants and contributions increased \$6,525,411 during the fiscal year. This net increase is mainly attributable to FEMA funds of \$6,182,201 mostly related to the debris cleanup and overtime worked in response to the August 2016 flood under General Government, and an increase in operating donations for public safety of \$366,370 to assist with animal shelter recovery operations.
- Capital Grants and Contributions increased by \$691,742. This is mainly attributable to reimbursement for road projects related to the state’s cost share.
- Other increases: Licenses and Permits decreased \$28,675, Miscellaneous decreased \$122,511, and Gain on Disposition of Assets increased \$665,176.



Total expenses from Governmental Activities increased by \$7,582,258 primarily due to the following reasons:

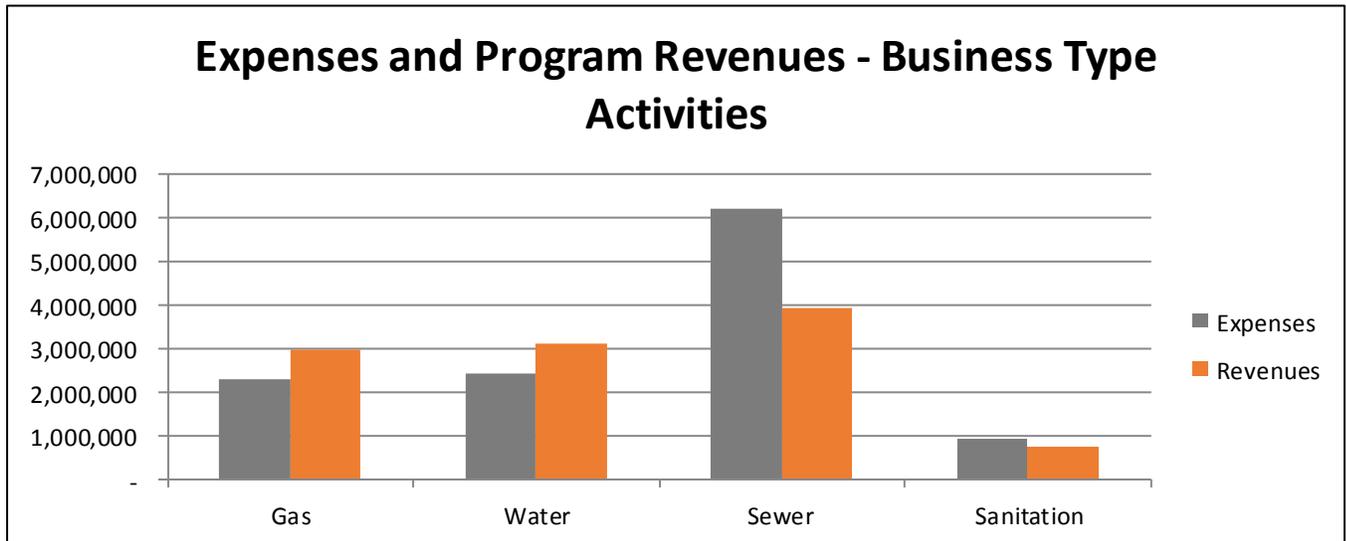
- Total salaries charged to governmental activities decreased from \$5,146,902 to \$5,113,290 for a net decrease of \$33,612 or 1 %. This decrease in salaries resulted from regular scheduled step increases given during the year offset by employee vacancies going unfilled or temporarily unfilled and a decrease in accrued leave.

- Related payroll taxes and employee benefits charged to governmental activities increased from \$2,431,844 to \$2,715,955 for a net increase of \$284,111 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, increased approximately \$466,000. The increase is related to flood expenses incurred (\$473,977).
- Public Safety activities other than salaries and benefits increased approximately \$195,000. The majority of the increase is related to flood expenses in the Police department \$73,773 and in the Fire department \$98,352.
- Highways and Streets activities not related to payroll and benefits increased approximately \$6,802,000. Approximately \$6,745,000 of the increase is related to flood debris pickup and monitoring and other flood related expenses.
- Health activities decreased approximately \$21,000. The Council on Aging program and the Youth and Family Counseling program operate from City owned buildings in accordance with executed cooperative endeavor agreements. Due to the August 2016 flood, these agencies were closed for a portion of the year thereby reducing these type expenses.
- Culture and Recreation activities not related to payroll and benefits decreased approximately \$18,000. This decrease is mainly attributable to a decrease of \$13,572 in repair and maintenance expenses and a decrease in office supplies expense of \$4,220.
- Depreciation expense for Governmental Activities decreased by approximately \$81,000.

**Business-type activities.** Business-type activities reduced the City of Denham Springs's net position by \$676,681. Key elements to this net decrease are documented below.

- Overall charges for services for business-type activities decreased \$1,641,861 compared to the prior fiscal year. Gas charges for services decreased \$706,968, water charges for services decreased \$430,279, sewer charges for services decreased \$425,302 and sanitation charges for services decreased \$79,312. Key to the decreases are a reduction in customer base that resulted from the August 2016 flood. Additionally, a portion of the reduction in Gas charges is a decrease in consumption which was directly related to a warmer winter than the prior year. Fuel costs billed varies from year to year based on price and volume purchased.
- Business-type activities expenses increased \$362,649.
  - Gas Department expenses increased \$21,804 compared to the prior fiscal year. This increase was primarily attributable to a decrease of \$43,931 in the amounts paid for natural gas sold to consumers. This was a result of less gas consumed by the users and a decrease in the cost the City paid for natural gas throughout the year. Additionally there was a decrease in direct labor costs of \$29,428. To offset these decreases the Gas department saw increases in maintenance costs of \$60,901 and flood expenses of \$25,672.
  - Water Department expenses increased \$11,129 compared to the prior fiscal year. A decrease in maintenance costs of \$134,826 was offset by increases in flood expenses of \$107,776, taxes and benefits of \$32,450, and professional fees of \$7,599.
  - Sewer Department expenses increased \$312,995 compared to the prior fiscal year. This increase was primarily attributable increases of \$710,080 in flood expenses and \$326,446 in bond issuance expense partially offset by decreases in interest of \$408,236, utilities of \$24,750, maintenance costs of \$225,752 and professional fees of \$35,803.
  - Sanitation Department expenses increased \$16,647 compared to the prior fiscal year.

- Business-type program revenues – operating grants and contributions increased \$357,913 largely related to grants received from FEMA 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 increased \$80,638. The increase is attributable to an increase in sewer impact fees collected mainly for development Juban Crossing. The City provides sewer collections services for Juban Crossing.
- Business-type activities miscellaneous income decreased \$14,821.



**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 \$5,744,951, an increase of \$2,056,305 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 77% of this total amount, \$4,422,595, constitutes unassigned fund balance, which is available for spending at the government’s discretion. Nonspendable fund balance is \$998,777 or 17%. 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 \$162,222 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 \$161,357 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 \$4,472,971. General fund balance has two classifications in accordance with GASB #54. Nonspendable - prepaid insurance fund balance of \$50,376 or 1%, and Unassigned fund balance of \$4,422,595 or 99%. 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 24.2 percent of total general fund expenditures. Total fund balance represents 24.5 percent of total general fund expenditures.

During the current fiscal year, the fund balance of the City of Denham Springs’ general fund increased by \$2,028,315, as compared to the prior fiscal year net increase in fund balance of \$323,644. Key factors in this increase are as follows:

- General fund revenue resulted in a net increase of \$9,251,369 compared to the prior fiscal year. Key factors to this net increase are:
  - Increase in net tax revenues of \$853,581. This increase is mostly attributable to an increase in sales taxes of \$1,107,655 offset by decreases in franchise taxes of \$137,774, ad valorem taxes of \$44,001, and gaming taxes of \$70,073.
  - Decrease in licenses and permits of \$28,675, mostly related to a decrease in occupational licenses.
  - Decrease in fines and forfeits of \$168,083 compared to prior fiscal year amount. This decrease is attributable to a decrease in police fines.
  - Increase in interest income of \$838.
  - Decrease in fees of \$5,414.
  - Increase in intergovernmental revenue of \$6,194,898, primarily related to grants received from FEMA related to the August 2016 flooding event.
  - Increase in miscellaneous revenue of \$374,207 related to donations for public safety of \$366,370 to assist with animal shelter recovery operations.
  - Increase in other financing sources of \$1,992,590 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 increase of \$7,863,378 compared to the prior fiscal year. Key factors in this net increase are:
  - General government expenditures increased by 494,329 or 24%. This increase was comprised primarily of flood expenses of \$473,977.
  - Public Safety expenditures increased \$769,371 or 12%. Included in the increases are flood expenses of \$172,125 and equipment and building purchases made to begin replacing assets lost in the flood of \$743,962. Offset by decreases in equipment expenses \$50,488 and in salaries and taxes of \$60,110.

- Highways and Street expenditures increased \$6,652,802 or 389%. As of June 30, 2017 the City has incurred \$6,686,022 in debris removal expenses related to clean up after the August 2016 flood.
- Health activities decreased \$21,377. The Council on Aging program and Youth and Family Counseling program operate from City owned buildings in accordance with executed cooperative endeavor agreements. Amounts spent in maintenance on these building was less in the current year. In addition, the City made program contributions to Youth and Family Counseling of \$10,000 in the year ended June 30, 2016. Youth and Family lost several funding sources after the August 2016 flood and ceased operations in the parish so there was not a program contribution paid by the City in the year ended June 30, 2017.
- Culture and Recreation activities decreased \$31,747. The decrease is primarily due to decreases in salaries and benefits related to staff reorganization at Old City Hall of \$13,992, a decrease in printing and postage of \$4,220, and a decrease in park maintenance costs of \$8,924.
- 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	9.50%	11.00%	1.50%
Municipal Police Employees’ Retirement System of Louisiana	29.50%	31.75%	2.25%
Firefighters’ Retirement System of Louisiana	27.25%	25.25%	(2.00%)

Overall retirement contributions decreased \$9,858 for the fiscal year ended June 30, 2017. The net decreases break down as follows:

	<u>FY 15-16</u>	<u>FY 16-17</u>	<u>Increase (Decrease)</u>
Municipal Employees’ Retirement System of Louisiana	\$ 332,625	\$ 354,864	\$ 22,239
Municipal Police Employees’ Retirement System	501,470	498,418	(3,052)
Firefighters’ Retirement System Of Louisiana	<u>352,464</u>	<u>323,419</u>	<u>(29,045)</u>
Total	<u>\$1,186,559</u>	<u>\$1,176,701</u>	<u>\$ (9,858)</u>

Permanent Fund has a total nonspendable – permanent fund principal fund balance of \$948,401, compared to the prior year nonspendable – permanent fund principal balance of \$923,037. 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 \$158,953, compared to a prior year restricted fund balance of \$150,101. 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 decreased \$1,574,393. Attributable to this net decrease are decreases in charges for gas services of \$706,968, charges for water services of \$430,279, charges for sewer services of \$357,834, and charges for sanitation services of \$79,312.

Operating expenses decreased \$313,034. This decrease is primarily attributable to a decrease in natural gas purchased of \$43,931 and a decrease of \$224,288 in equipment and maintenance expenses.

Unrestricted Net Position of the Utility Enterprise Fund at the end of the year amounted to \$8,612,213. 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 (\$6,040,251), compared to unrestricted net position - (deficit) for the prior fiscal year of (\$4,319,630). Net investment in capital assets is \$1,873,533. Sewer operations generated a decrease in net position of \$1,248,389. As of June 30, 2017 the DSSD #1 was billing 2,234 customers and the average bill was \$37.73 per month per customer. The Denham Springs Sewerage District No.1 owed \$5,852,499 to the City of Denham Springs Utility Fund as of June 30, 2017. 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 increased by \$8,673,639 over the original budget. Key to this increase is:

- An increase in FEMA Disaster Grants of \$6,138,000.
- Sales tax revenue increased by \$685,000.
- Decreases in electrical franchise taxes by \$145,000, ad valorem taxes by \$44,000, gaming taxes by \$80,000 and cable TV franchise taxes by \$45,000.
- A decrease in occupational license revenue of \$90,000, offset by increases in other license revenue of \$37,230.
- An increase in miscellaneous revenue budget of \$408,500 related to an increase in our LWCC premium rebate and donations for the animal shelter.

- Fines and forfeits revenue budget decreased \$233,800 related to a decrease in police fines.
- An increase of \$2,044,096 related to insurance proceeds related to the flood.

#### Expenditures:

Total budgeted appropriations were increased by \$7,252,522. The largest increases were flood related. In General Government there were flood expenses of \$425,044, in Public Safety there were flood expenses of \$135,000 and in Streets and Highways there were flood expenses of \$46,563. Additionally Streets and Highways saw an increase in contract services of \$6,742,000 related to flood debris cleanup.

#### Other Financing (Uses):

The budget was decreased for operating transfers out to Capital Projects Fund of \$635,559 for general fund infrastructure improvements as a result of the delay of scheduled road projects due to the August 2016 flood.

### **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, 2017, amounts to \$66,306,300 (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 pumper was purchased for the fire department and an office building was purchased for use as a temporary office space for animal control.
- Ongoing are repaving projects for Maple Street, Julia Street, and Martin Luther King, Jr. Street. 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. To date the city has paid \$200,844 for Maple Street design and construction, \$84,500 for Julia Street design, and \$464,657 for Martin Luther King, Jr. Street design and construction.

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

- Construction in progress balance as of June 30, 2017 is \$47,886 and is related to the reconstruction of a control panel at the Rushing Road water well.
- The following is a list of completed projects placed in service during the current fiscal year:
  - Gas line expansions totaling \$121,959, including a new regulator station.
  - Water department service trucks (2) at \$37,304.

City of Denham Springs  
 Capital Assets  
 (Net of Accumulated Depreciation)  
 June 30, 2017 and 2016

	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Land and Right-of-Ways	\$ 1,314,460	\$ 1,314,460	\$ 4,285,342	\$ 4,285,342	\$ 5,599,802	\$ 5,599,802
Buildings and Improvements	1,906,125	2,032,127	286,161	297,938	2,192,286	2,330,065
Gas System	-	-	1,616,766	1,625,520	1,616,766	1,625,520
Water System	-	-	8,894,128	9,392,976	8,894,128	9,392,976
Sewer System	-	-	42,964,787	44,415,153	42,964,787	44,415,153
Machinery and Equipment	1,681,859	1,455,652	315,267	414,739	1,997,126	1,870,391
Infrastructure	2,243,519	2,465,159	-	-	2,243,519	2,465,159
Construction in Progress	750,000	318,532	47,886	11,080	797,886	329,612
<b>Total</b>	<b>\$ 7,895,963</b>	<b>\$ 7,585,930</b>	<b>\$ 58,410,337</b>	<b>\$ 60,442,748</b>	<b>\$ 66,306,300</b>	<b>\$ 68,028,678</b>

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 \$54,801,260. Of this amount, \$1,552 comprises debt backed by the full faith and credit of the City. The remainder of the debt \$54,799,708 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, 2017.

	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Obligations Under						
Capital Leases	\$ 1,552	\$ 7,343	\$ 16,754	\$ 79,309	\$ 18,306	\$ 86,652
Revenue Bonds	-	-	54,782,954	53,001,589	54,782,954	53,001,589
<b>Total</b>	<b>\$ 1,552</b>	<b>\$ 7,343</b>	<b>\$ 54,799,708</b>	<b>\$ 53,080,898</b>	<b>\$ 54,801,260</b>	<b>\$ 53,088,241</b>

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 2017 unemployment rate for the City of Denham Springs was 4.9 percent, which is lower than the revised rate of 5.6 percent a year ago. This compares favorably to the state's revised average unemployment rate of 5.4 percent and compares unfavorably to the revised national average rate of 4.4 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, 2017 unassigned fund balance in the general fund is \$4,422,595. The City adopted a 2018 fiscal year general fund budget setting anticipated revenue of \$12,884,416 and anticipated appropriation expenditures of \$14,358,202 thereby anticipating a net loss of \$1,474,386.

Budgeted general fund revenues anticipate a net decrease of \$6,908,619 compared to the FYE 2017 amended adopted budget. The variances in the budgeted revenues are due to FEMA grants and insurance proceeds in the FYE 2017 year related to the August 2016 flood event.

Budgeted general fund expenditures anticipate a net decrease of \$3,779,733 compared to the FYE 2017 amended adopted budget. The variance in the expenditures are related to costs for debris removal and other emergency work performed immediately following the 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, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,300,471	\$ 3,403,203	\$ 6,703,674
Receivables, Net	189,918	923,082	1,113,000
Due from Other Governments	3,897,088	383,628	4,280,716
Due from Component Unit	66,873	-	66,873
Inventories	13,095	285,336	298,431
Prepaid Items	50,376	129,257	179,633
Restricted Assets:			
Cash	-	2,238,484	2,238,484
Receivable	-	-	-
Due from Other Governments	-	-	-
Capital Assets:			
Land and Construction in Progress	2,064,460	4,333,228	6,397,688
Other Capital Assets, Net of Depreciation	5,831,503	54,077,109	59,908,612
Total Assets	15,413,784	65,773,327	81,187,111
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Refunding	-	5,468,777	5,468,777
Deferred Outflows - Related to Pensions	4,016,541	856,823	4,873,364
Total Deferred Outflows of Resources	4,016,541	6,325,600	10,342,141
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	1,542,539	1,590,945	3,133,484
Due to Primary Government	-	-	-
Non-Current Liabilities:			
Due Within One Year	216,539	1,685,204	1,901,743
Due in More Than One Year	644,963	53,333,577	53,978,540
Net Pension Liability	11,445,455	2,059,188	13,504,643
Total Liabilities	13,849,496	58,668,914	72,518,410
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows - Related to Pensions	1,126,899	148,209	1,275,108
<b>NET POSITION (DEFICIT)</b>			
Net Investment in Capital Assets	7,894,411	10,709,842	18,604,253
Restricted for:			
Cemetery Care:			
Nonexpendable	948,401	-	948,401
Civil Fees	-	-	-
Witness Fees	158,953	-	158,953
Other	3,269	-	3,269
Unrestricted (Deficit)	(4,551,104)	2,571,962	(1,979,142)
Total Net Position (Deficit)	\$ 4,453,930	\$ 13,281,804	\$ 17,735,734

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
\$ 238,152	\$ 126,259	\$ 1,059	\$ -
48	1,425	4,348	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	4,511,085	-
-	-	611	-
-	-	1,052,979	-
-	-	7,303,750	-
45,549	41,946	24,761,973	-
<u>283,749</u>	<u>169,630</u>	<u>37,635,805</u>	<u>-</u>
-	-	797,590	-
128,193	33,066	-	-
<u>128,193</u>	<u>33,066</u>	<u>797,590</u>	<u>-</u>
6,370	88,796	195,555	-
-	31,098	-	35,775
6,834	11,962	805,000	-
-	19,159	25,755,000	-
333,438	24,469	-	-
<u>346,642</u>	<u>175,484</u>	<u>26,755,555</u>	<u>35,775</u>
16,253	6,984	-	-
45,549	10,825	12,834,706	-
-	-	-	-
115,473	-	-	-
-	-	-	-
-	-	-	-
(111,975)	9,403	(1,156,866)	(35,775)
<u>\$ 49,047</u>	<u>\$ 20,228</u>	<u>\$ 11,677,840</u>	<u>\$ (35,775)</u>

**CITY OF DENHAM SPRINGS**  
**STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2017

<b><u>Functions/Programs</u></b>	<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	\$ 2,639,792	\$ -	\$ 97,365	\$ -
Public Safety	7,144,277	355,745	1,020,514	202,512
Highways and Streets	8,776,069	12,850	6,156,818	489,230
Health	30,273	-	-	-
Culture and Recreation	133,933	-	13,766	-
Total Governmental Activities	18,724,344	368,595	7,288,463	691,742
Business-Type Activities:				
Gas	2,304,551	2,948,060	20,616	-
Water	2,406,037	3,015,738	79,104	-
Sewer	6,192,531	3,033,149	428,294	466,531
Sanitation	913,077	722,786	-	-
Total Business-Type Activities	11,816,196	9,719,733	528,014	466,531
Total Primary Government	\$ 30,540,540	\$ 10,088,328	\$ 7,816,477	\$ 1,158,273
<b>Component Units:</b>				
City Court of Denham Springs - Ward II	\$ 825,384	\$ 298,064	\$ 294,788	\$ -
Marshal of City Court of Denham Springs - Ward II	489,827	191,119	105,619	-
Denham Springs Economic Development District	2,351,512	36,072	-	-
Springs at Riverside Landing Economic Development District	-	-	-	-
Total Component Units	\$ 3,666,723	\$ 525,255	\$ 400,407	\$ -
<b>General Revenues:</b>				
Taxes:				
Property				
Sales				
Occupational and Permits				
Franchise				
Miscellaneous				
Interest Income				
Insurance Proceeds				
Net Gain (Loss) on Disposition of Capital Assets				
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			
Governmental Activities	Business-Type Activities	Total	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
\$ (2,542,427)	\$ -	\$ (2,542,427)	\$ -	\$ -	\$ -	\$ -
(5,565,506)	-	(5,565,506)	-	-	-	-
(2,117,171)	-	(2,117,171)	-	-	-	-
(30,273)	-	(30,273)	-	-	-	-
(120,167)	-	(120,167)	-	-	-	-
(10,375,544)	-	(10,375,544)	-	-	-	-
-	664,125	664,125	-	-	-	-
-	688,805	688,805	-	-	-	-
-	(2,264,557)	(2,264,557)	-	-	-	-
-	(190,291)	(190,291)	-	-	-	-
-	(1,101,918)	(1,101,918)	-	-	-	-
(10,375,544)	(1,101,918)	(11,477,462)	-	-	-	-
-	-	-	(232,532)	-	-	-
-	-	-	-	(193,089)	-	-
-	-	-	-	-	(2,315,440)	-
-	-	-	-	-	-	-
-	-	-	(232,532)	(193,089)	(2,315,440)	-
275,364	-	275,364	-	-	-	-
8,389,648	-	8,389,648	-	-	5,396,924	-
1,041,368	-	1,041,368	-	-	-	-
648,653	-	648,653	-	-	-	-
484,534	10,186	494,720	4,708	12,718	-	-
12,542	17,328	29,870	496	73	4,433	-
988,916	279,209	1,268,125	-	-	-	-
694,649	118,514	813,163	(22,127)	(25,751)	-	-
-	-	-	46,860	186,210	-	-
12,535,674	425,237	12,960,911	29,937	173,250	5,401,357	-
2,160,130	(676,681)	1,483,449	(202,595)	(19,839)	3,085,917	-
2,293,800	13,958,485	16,252,285	251,642	40,067	8,591,923	(35,775)
\$ 4,453,930	\$ 13,281,804	\$ 17,735,734	\$ 49,047	\$ 20,228	\$ 11,677,840	\$ (35,775)

## CITY OF DENHAM SPRINGS

BALANCE SHEET  
GOVERNMENTAL FUNDS

JUNE 30, 2017

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$ 1,884,576	\$ 1,161,042	\$ 3,045,618
Receivables:			
Ad Valorem Taxes, Net	4,505	-	4,505
Other	185,063	350	185,413
Due from Other Governments	3,378,183	518,905	3,897,088
Due from Component Units	66,873	-	66,873
Prepaid Insurance	50,376	-	50,376
Total Assets	<u>\$ 5,569,576</u>	<u>\$ 1,680,297</u>	<u>\$ 7,249,873</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 859,322	\$ 408,317	\$ 1,267,639
Retirement and Group Insurance Payable	164,252	-	164,252
Accrued Salaries and Wages	73,031	-	73,031
Total Liabilities	1,096,605	408,317	1,504,922
<b>FUND BALANCES</b>			
Fund Balances:			
Nonspendable:			
Prepaid Insurance	50,376	-	50,376
Permanent Fund Principal	-	948,401	948,401
Restricted For:			
Witness Fees	-	158,953	158,953
Other Purposes	-	3,269	3,269
Assigned To:			
Capital Projects	-	161,357	161,357
Unassigned	4,422,595	-	4,422,595
Total Fund Balances	<u>4,472,971</u>	<u>1,271,980</u>	<u>5,744,951</u>
Total Liabilities and Fund Balances	<u>\$ 5,569,576</u>	<u>\$ 1,680,297</u>	<u>\$ 7,249,873</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, 2017

Fund Balances-Total Governmental Funds		\$	5,744,951
<p>Amounts Reported for Governmental            Activities in the Statement of Net            Position are Different Because:</p>			
<p>Capital Assets Used in Governmental Activities            are not Financial Resources and are not            Reported in the Governmental Funds</p>			
Governmental Capital Assets			18,706,258
Less Accumulated Depreciation			(10,836,444)
			7,869,814
<p>Long-Term Liabilities are not Due and            Payable in the Current Period and            Therefore are not Reported in the            Governmental Funds:</p>			
Compensated Absences Payable			(838,295)
Net Pension Liability			(11,351,899)
<p>Deferred Outflows of Resources Related to Pensions            Are not Reported in Governmental Funds</p>			
			3,974,982
<p>Deferred Inflows of Resources Related to Pensions            Are not Reported in Governmental Funds</p>			
			(1,120,033)
<p>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</p>			
			174,410
Net Position of Governmental Activities		\$	4,453,930

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, 2017

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 9,478,989	\$ -	\$ 9,478,989
Licenses and Permits	1,041,368	-	1,041,368
Fines and Forfeits	325,256	-	325,256
Interest	10,220	1,414	11,634
Fees	19,763	12,993	32,756
Intergovernmental	6,670,266	614,060	7,284,326
Miscellaneous	692,294	25,140	717,434
Total Revenues	18,238,156	653,607	18,891,763
<b>Expenditures:</b>			
Current:			
General Government	2,564,306	5,331	2,569,637
Public Safety	7,249,558	-	7,249,558
Highways and Streets	8,360,867	-	8,360,867
Health	30,273	-	30,273
Culture and Recreation	76,281	-	76,281
Capital Outlay:			
Highways and Streets	-	620,286	620,286
Total Expenditures	18,281,285	625,617	18,906,902
Excess (Deficiency) of Revenues over Expenditures	(43,129)	27,990	(15,139)
<b>Other Financing Sources (Uses):</b>			
Insurance Proceeds	988,916	-	988,916
Proceeds on Disposition of Assets	1,082,528	-	1,082,528
Total Other Financing Sources (Uses)	2,071,444	-	2,071,444
Net Change in Fund Balances	2,028,315	27,990	2,056,305
<b>Fund Balances at Beginning of Year</b>	2,444,656	1,243,990	3,688,646
<b>Fund Balances at End of Year</b>	\$ 4,472,971	\$ 1,271,980	\$ 5,744,951

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, 2017

Net Change in Fund Balances - Total Governmental Funds		\$ 2,056,305
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	1,326,905	
Depreciation Expense	<u>(619,378)</u>	707,527
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		1,602,106
Less Cost Basis of Capital Assets Retired During the Year		(1,989,985)
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		21,545
(Increase) Decrease in Pension Expense		(477,577)
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.		
		308,238
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>(68,029)</u>
Change in Net Position of Governmental Activities		<u>\$ 2,160,130</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, 2017

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
<b>Taxes:</b>				
Ad Valorem Taxes	\$ 319,000	\$ 275,000	\$ 275,364	\$ 364
Alcoholic Beverage Tax	32,000	30,000	32,833	2,833
Cable TV Franchise Tax	170,000	125,000	123,858	(1,142)
Chain Store Tax	25,000	22,000	21,165	(835)
Charitable Gaming Tax	180,000	100,000	111,326	11,326
Electrical Franchise Taxes	680,000	535,000	523,180	(11,820)
Sales Taxes	7,415,000	8,100,000	8,389,648	289,648
Wrecker Franchise Tax	1,650	1,650	1,615	(35)
	8,822,650	9,188,650	9,478,989	290,339
<b>Licenses and Permits:</b>				
Occupational Licenses	960,000	870,000	895,178	25,178
Other Permits and Licenses	99,130	136,360	146,190	9,830
	1,059,130	1,006,360	1,041,368	35,008
<b>Fines and Forfeits:</b>				
Ward II Court	529,000	295,200	319,785	24,585
Forfeiture Funds	-	-	5,471	5,471
	529,000	295,200	325,256	30,056
<b>Interest Income</b>	8,000	8,000	10,220	2,220
<b>Fees:</b>				
Animal Adoption Fees	10,000	6,000	6,913	913
Road Maintenance Fees	12,850	12,850	12,850	-
	22,850	18,850	19,763	913

(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, 2017

	<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	-	6,138,000	6,257,495	119,495
State Government:				
Fire Insurance Commissions	43,000	43,000	54,750	11,750
Law Enforcement Grants	55,000	15,000	6,585	(8,415)
On Behalf Payments for Salaries	355,500	316,500	310,569	(5,931)
Livingston Parish School Board				
School Resource Officer	40,866	40,866	40,867	1
	<u>494,366</u>	<u>6,553,366</u>	<u>6,670,266</u>	<u>116,900</u>
<b>Miscellaneous:</b>				
Insurance Premium Rebate	100,000	193,713	193,713	-
Royalties	500	200	187	(13)
Wreck Reports	17,000	9,500	10,583	1,083
Rent Income	-	700	750	50
Miscellaneous	65,900	474,400	487,061	12,661
	<u>183,400</u>	<u>678,513</u>	<u>692,294</u>	<u>13,781</u>
<b>Total Revenues</b>	<u>11,119,396</u>	<u>17,748,939</u>	<u>18,238,156</u>	<u>489,217</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
<b>General Government:</b>				
General Provisions:				
Salaries	461,832	414,402	414,362	40
Council Per Diems	60,000	60,000	60,000	-
Payroll Taxes, Retirement, and Group Insurance	156,909	150,145	153,183	(3,038)
Building Improvements	3,500	-	-	-
Chamber of Commerce	5,000	5,000	-	5,000
Equipment Purchased	20,000	32,000	41,612	(9,612)
Flood Expenses	-	350,000	399,253	(49,253)
Insurance	22,905	20,610	27,009	(6,399)
Legal and Professional	38,335	56,716	79,511	(22,795)
Membership Fees and Educational Training	32,000	25,000	25,021	(21)
Miscellaneous	58,600	63,150	59,342	3,808
Printing, Postage and Office Supplies	49,500	64,000	64,556	(556)
Rental Equipment	4,800	12,000	10,679	1,321
Repairs and Maintenance	50,500	59,500	61,592	(2,092)
Small Tools and Supplies	1,000	500	1,202	(702)
Telephone	50,500	45,000	43,359	1,641
Travel	31,000	6,500	5,297	1,203
Utilities	24,870	14,020	15,259	(1,239)
Total General Provisions	<u>1,071,251</u>	<u>1,378,543</u>	<u>1,461,237</u>	<u>(82,694)</u>
Cemetery:				
Contracted Services	51,300	51,300	51,300	-
Flood Expenses	-	55,606	55,606	-
Insurance	225	225	378	(153)
Miscellaneous	-	240	246	(6)
Repairs and Maintenance	2,000	2,000	1,808	192
Total Cemetery	<u>53,525</u>	<u>109,371</u>	<u>109,338</u>	<u>33</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, 2017

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>General Government (Continued):</b>				
Tax:				
Salaries	59,667	58,000	56,339	1,661
Payroll Taxes, Retirement, and Group Insurance	18,932	18,601	18,591	10
Collection Fees	124,500	128,800	137,934	(9,134)
Equipment Purchased	-	5,590	6,217	(627)
Equipment Expense	500	-	-	-
Flood Expenses	-	1,200	1,607	(407)
Insurance	960	960	1,348	(388)
Legal and Professional	500	-	95	(95)
Miscellaneous	500	100	45	55
Printing, Postage and Office Supplies	3,000	2,250	3,093	(843)
Small Tools and Supplies	500	200	49	151
Tax Roll	5,000	-	5,032	(5,032)
Total Tax	<u>214,059</u>	<u>215,701</u>	<u>230,350</u>	<u>(14,649)</u>
Ward Court:				
Salaries	51,550	51,550	51,550	-
Payroll Taxes, Retirement, and Group Insurance	31,015	22,621	21,126	1,495
Additional Court Costs	30,000	15,000	16,264	(1,264)
Building Maintenance	8,700	4,400	4,684	(284)
Insurance	1,625	1,625	3,342	(1,717)
Payments to Component Units	233,071	233,071	233,070	1
Utilities	1,400	800	786	14
Total Ward Court	<u>357,361</u>	<u>329,067</u>	<u>330,822</u>	<u>(1,755)</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, 2017

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>General Government (Continued):</b>				
Planning and Zoning:				
Salaries	198,345	241,000	241,355	(355)
Payroll Taxes, Retirement, and Group Insurance	73,115	76,426	73,058	3,368
Demolition Expense	5,000	-	-	-
Equipment Purchased	3,000	10,000	14,730	(4,730)
Flood Expenses	-	18,238	17,511	727
Inspections	2,500	-	-	-
Insurance	7,678	8,775	9,790	(1,015)
Legal and Professional	15,500	6,500	3,918	2,582
Miscellaneous	17,625	11,175	10,195	980
Printing, Postage and Office Supplies	4,000	4,750	5,489	(739)
Repairs and Maintenance	-	-	146	(146)
Small Tools and Supplies	4,500	3,000	1,829	1,171
Vehicle Expense	3,700	4,600	5,049	(449)
	<u>334,963</u>	<u>384,464</u>	<u>383,070</u>	<u>1,394</u>
Total Planning and Zoning				
Landscaping:				
Contracted Services	49,200	49,200	49,312	(112)
Insurance	2,025	2,025	177	1,848
Miscellaneous	125	125	-	125
	<u>51,350</u>	<u>51,350</u>	<u>49,489</u>	<u>1,861</u>
Total Landscaping				
Total General Government	<u>2,082,509</u>	<u>2,468,496</u>	<u>2,564,306</u>	<u>(95,810)</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, 2017

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Public Safety:</b>				
Animal Control:				
Salaries	208,639	179,500	183,530	(4,030)
Payroll Taxes, Retirement, and Group Insurance	35,635	33,203	32,146	1,057
Animal Care Expense	57,556	43,000	47,882	(4,882)
Buildings	-	25,000	22,000	3,000
Equipment Purchased	700	22,800	800	22,000
Equipment Expense	6,700	4,600	4,706	(106)
Insurance	7,434	6,343	8,186	(1,843)
Miscellaneous	15,224	39,130	51,617	(12,487)
Small Tools and Supplies	200	200	80	120
Telephone	3,500	3,500	2,846	654
Utilities	14,865	7,860	7,551	309
Total Animal Control	350,453	365,136	361,344	3,792
Fire:				
Salaries	1,409,041	1,417,775	1,401,239	16,536
Payroll Taxes, Retirement, and Group Insurance	697,864	698,964	688,270	10,694
Legal and Professional	6,500	4,500	3,235	1,265
Equipment Purchased	27,170	452,170	593,952	(141,782)
Equipment Expense	75,000	47,000	33,508	13,492
Flood Expenses	-	70,000	98,434	(28,434)
Insurance	127,245	129,480	134,817	(5,337)
Membership Fees and Educational Training	27,500	14,500	13,079	1,421
Miscellaneous	6,840	3,250	1,659	1,591
Printing, Postage and Office Supplies	5,800	4,295	3,500	795
Repairs and Maintenance	25,200	15,780	16,568	(788)
Small Tools and Supplies	31,000	15,600	12,017	3,583
Telephone	32,000	24,000	22,988	1,012
Uniforms	11,000	4,000	9,400	(5,400)
Utilities	33,000	18,100	16,240	1,860
Total Fire	2,515,160	2,919,414	3,048,906	(129,492)

(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, 2017

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Public Safety (Continued):</b>				
Police:				
Salaries	2,124,297	2,043,000	1,989,194	53,806
Payroll Taxes, Retirement, and Group Insurance	1,148,998	994,407	959,576	34,831
Equipment Purchased	169,000	129,399	127,210	2,189
Equipment Expense	166,100	151,500	157,014	(5,514)
Equipment Rental	20,111	17,550	14,845	2,705
Flood Expenses	-	65,000	73,773	(8,773)
Insurance	165,736	173,630	212,767	(39,137)
Membership Fees and Educational Training	15,000	15,000	15,983	(983)
Miscellaneous	24,700	19,900	24,647	(4,747)
Printing, Postage and Office Supplies	13,000	12,500	13,702	(1,202)
Professional Fees	36,000	50,000	44,553	5,447
Repairs and Maintenance	69,425	34,000	42,857	(8,857)
Small Tools and Supplies	11,000	8,000	9,804	(1,804)
Telephone	78,000	75,000	71,788	3,212
Uniforms	43,000	40,000	44,320	(4,320)
Utilities	29,000	39,000	37,275	1,725
Total Police	4,113,367	3,867,886	3,839,308	28,578
Total Public Safety	6,978,980	7,152,436	7,249,558	(97,122)
<b>Highway and Streets:</b>				
Streets:				
Salaries	712,857	773,536	770,363	3,173
Payroll Taxes, Retirement, and Group Insurance	292,708	283,513	285,424	(1,911)
Contract Services	33,280	6,742,000	6,730,454	11,546
Equipment Purchased	160,000	30,000	31,156	(1,156)
Equipment Expense	122,321	109,000	107,793	1,207

(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, 2017

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Highway and Streets (Continued):</b>				
Streets:				
Equipment Rental	1,695	1,000	1,317	(317)
Flood Expenses	-	46,563	43,605	2,958
Insurance	67,705	66,190	93,341	(27,151)
Uniforms	12,285	20,000	15,423	4,577
Legal and Professional	190	190	143	47
Streets Maintenance and Materials	83,010	171,000	118,652	52,348
Membership Fees and Educational Training	300	79	79	-
Miscellaneous	21,138	12,190	19,028	(6,838)
Small Tools and Supplies	5,882	6,000	7,800	(1,800)
Telephone	12,686	12,686	9,785	2,901
Utilities	5,859	1,600	4,910	(3,310)
Total Streets	1,531,916	8,275,547	8,239,273	36,274
Lighting:				
Utilities	121,932	121,932	121,594	338
Total Lighting	121,932	121,932	121,594	338
Total Highways and Streets	1,653,848	8,397,479	8,360,867	36,612
<b>Health:</b>				
Council on Aging	19,820	14,220	18,496	(4,276)
Food Bank Contribution	1,000	1,000	-	1,000
Pest Control	6,000	10,000	6,422	3,578
Youth and Family Counseling	17,920	5,520	5,355	165
Total Health	44,740	30,740	30,273	467

(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, 2017

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Culture and Recreation:</b>				
Culture:				
Salaries	35,877	30,000	26,904	3,096
Payroll Taxes, Retirement, and Group Insurance	15,251	7,151	7,004	147
Committee Expenses	300	-	-	-
Insurance	2,145	2,120	3,165	(1,045)
Legal and Professional	300	-	-	-
Membership Fees and Educational Training	1,250	1,250	987	263
Repairs and Maintenance	25,788	17,788	15,108	2,680
Printing, Postage and Office Supplies	7,500	6,450	2,827	3,623
Telephone	3,500	3,100	2,905	195
Travel	500	500	257	243
Utilities	5,675	5,675	5,757	(82)
Total Culture	<u>98,086</u>	<u>74,034</u>	<u>64,914</u>	<u>9,120</u>
Parks:				
Insurance	-	-	80	(80)
Land Improvements	1,000	500	-	500
Maintenance	26,850	14,850	11,287	3,563
Total Parks	<u>27,850</u>	<u>15,350</u>	<u>11,367</u>	<u>3,983</u>
Total Culture and Recreation	<u>125,936</u>	<u>89,384</u>	<u>76,281</u>	<u>13,103</u>
Total Expenditures	<u>10,886,013</u>	<u>18,138,535</u>	<u>18,281,285</u>	<u>(142,750)</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	233,383	(389,596)	(43,129)	346,467
<b>Other Financing Sources (Uses):</b>				
Operating Transfers Out	(635,559)	-	-	-
Insurance Proceeds	-	2,044,096	988,916	(1,055,180)
Proceeds on Disposition of Assets	-	-	1,082,528	1,082,528
<b>Total Other Financing Sources (Uses)</b>	<u>(635,559)</u>	<u>2,044,096</u>	<u>2,071,444</u>	<u>27,348</u>
<b>Net Change in Fund Balance</b>	(402,176)	1,654,500	2,028,315	373,815
<b>Fund Balance at Beginning of Year</b>	<u>2,444,656</u>	<u>2,444,656</u>	<u>2,444,656</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u>\$ 2,042,480</u>	<u>\$ 4,099,156</u>	<u>\$ 4,472,971</u>	<u>\$ 373,815</u>

The accompanying notes are an integral part of this statement.

**CITY OF DENHAM SPRINGS  
PROPRIETARY FUNDS**

STATEMENT OF NET POSITION

JUNE 30, 2017

	Business-Type Activities -			Governmental
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	Activities - Motor Pool Internal Service Fund
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 2,821,711	\$ 581,492	\$ 3,403,203	\$ 254,853
<b>Restricted Assets:</b>				
Cash for Customer Deposits	1,172,532	-	1,172,532	-
Revenue Bond Covenant Accounts	788,894	277,058	1,065,952	-
	1,961,426	277,058	2,238,484	-
<b>Receivables:</b>				
Accounts (Net of Allowance for Uncollectible Accounts of \$407,000)	506,035	-	506,035	-
Due from Other Governments	308,195	75,433	383,628	-
Unbilled Utility Sales	417,047	-	417,047	-
	1,231,277	75,433	1,306,710	-
<b>Inventory, at Cost</b>	285,336	-	285,336	13,095
<b>Due from Other Funds</b>	5,852,499	123,920	5,976,419	-
<b>Prepaid Expenses</b>	9,100	5,106	14,206	-
Total Current Assets	12,161,349	1,063,009	13,224,358	267,948
<b>Noncurrent Assets:</b>				
Prepaid Items	91,136	23,915	115,051	-
Capital Assets:				
Land and Construction in Progress	576,693	3,756,535	4,333,228	-
Other Capital Assets, at Cost (Net of Accumulated Depreciation)	34,579,823	19,497,286	54,077,109	26,149
Total Noncurrent Assets	35,247,652	23,277,736	58,525,388	26,149
Total Assets	47,409,001	24,340,745	71,749,746	294,097
<b>Deferred Outflows of Resources:</b>				
Deferred Amount on Refunding of Debt	2,275,117	3,193,660	5,468,777	-
Deferred Outflows - Related to Pensions	856,823	-	856,823	41,559
Total Deferred Outflows of Resources	3,131,940	3,193,660	6,325,600	41,559
Total Assets and Deferred Outflows of Resources	<u>\$50,540,941</u>	<u>\$ 27,534,405</u>	<u>\$ 78,075,346</u>	<u>\$ 335,656</u>

The accompanying notes are an integral part of this statement.

	Business-Type Activities -			Governmental
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	Activities - Motor Pool Internal Service Fund
<b>Current Liabilities</b>				
<b>(Payable from Current Assets):</b>				
Accounts Payable	\$ 320,056	\$ 17,455	\$ 337,511	\$ 35,726
Accrued Salaries and Wages	34,262	-	34,262	-
Accumulated Unpaid Vacation	54,768	-	54,768	5,413
Customers' Deposits	1,055,227	-	1,055,227	-
Current Portion of Debt	446,948	1,183,488	1,630,436	1,552
Other Current Liabilities	13,472	-	13,472	1,891
Due To Other Funds	123,920	5,852,499	5,976,419	-
Accrued Bond Interest	76,740	73,733	150,473	-
<b>Total Current Liabilities</b>	<b>2,125,393</b>	<b>7,127,175</b>	<b>9,252,568</b>	<b>44,582</b>
<b>Noncurrent Liabilities:</b>				
Accumulated Unpaid Vacation	164,305	-	164,305	16,242
Debt Payable after One Year (Net of Unamortized Bond Premium or Discount)	28,595,324	24,573,948	53,169,272	-
Net Pension Liability	2,059,188	-	2,059,188	93,556
<b>Total Noncurrent Liabilities</b>	<b>30,818,817</b>	<b>24,573,948</b>	<b>55,392,765</b>	<b>109,798</b>
<b>Total Liabilities</b>	<b>32,944,210</b>	<b>31,701,123</b>	<b>64,645,333</b>	<b>154,380</b>
<b>Deferred Inflows of Resources:</b>				
Deferred Inflows - Related to Pensions	148,209	-	148,209	6,866
<b>Net Position:</b>				
Net Investment in Capital Assets	8,836,309	1,873,533	10,709,842	24,597
Unrestricted (Deficit)	8,612,213	(6,040,251)	2,571,962	149,813
<b>Total Net Position (Deficit)</b>	<b>17,448,522</b>	<b>(4,166,718)</b>	<b>13,281,804</b>	<b>174,410</b>
<b>Total Liabilities, Deferred Inflow of Resources, and Net Position</b>	<b>\$50,540,941</b>	<b>\$ 27,534,405</b>	<b>\$ 78,075,346</b>	<b>\$ 335,656</b>

**CITY OF DENHAM SPRINGS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Business-Type Activities -			Governmental
	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	\$ 8,743,289	\$ 976,444	\$ 9,719,733	\$ 387,820
Total Operating Revenues	8,743,289	976,444	9,719,733	387,820
<b>Operating Expenses:</b>				
Personal Services and Benefits	2,788,705	55,758	2,844,463	140,556
Contractual Services	1,151,483	43,404	1,194,887	95
Cost of Materials	614,985	-	614,985	285,176
Utilities	434,822	102,306	537,128	4,898
Repair and Maintenance	1,276,471	270,218	1,546,689	6,263
Supplies	242,425	9,616	252,041	5,951
Insurance	233,766	12,158	245,924	7,186
Depreciation	1,746,751	476,658	2,223,409	9,615
Overhead Allocation	(218,490)	218,490	-	-
Bad Debts	113,551	10,742	124,293	-
Total Operating Expenses	8,384,469	1,199,350	9,583,819	459,740
Operating Income (Loss)	358,820	(222,906)	135,914	(71,920)
<b>Nonoperating Revenues:</b>				
Intergovernmental	440,598	87,416	528,014	3,121
Interest	2,924	1,211	4,135	908
Amortization of Bond Premium	13,193	-	13,193	-
Gain on Disposition of Assets	118,514	-	118,514	-
Insurance Proceeds	279,209	-	279,209	-
Miscellaneous	10,186	-	10,186	-
Total Nonoperating Revenues	864,624	88,627	953,251	4,029
<b>Nonoperating Expenses:</b>				
Interest	958,970	723,869	1,682,839	138
Amortization of Bond Costs	12,152	7,365	19,517	-
Amortization of Bond Discount	3,199	3,945	7,144	-
Bond Issuance Expense	29,613	493,264	522,877	-
Total Nonoperating Expenses	1,003,934	1,228,443	2,232,377	138
Income (Loss) Before Contributions	219,510	(1,362,722)	(1,143,212)	(68,029)
Capital Contributions	352,198	114,333	466,531	-
Change in Net Position	571,708	(1,248,389)	(676,681)	(68,029)
<b>Total Net Position (Deficit) at Beginning of Year</b>	16,876,814	(2,918,329)	13,958,485	242,439
<b>Total Net Position (Deficit) at End of Year</b>	\$ 17,448,522	\$ (4,166,718)	\$ 13,281,804	\$ 174,410

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, 2017

	Business-Type Activities -			Governmental
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	Activities - Motor Pool Internal Service Fund
<b>Cash Flows From Operating Activities:</b>				
Cash Received from Customers	\$ 8,390,037	\$ 890,269	\$ 9,280,306	\$ 387,820
Cash Payments to Suppliers for Goods and Services	(3,633,364)	(653,571)	(4,286,935)	(292,874)
Cash Payments to Employees for Services and Benefits	(2,632,012)	(55,758)	(2,687,770)	(133,424)
Other Receipts (Payments)	170,365	585,745	756,110	-
Net Cash Provided by (Used in) Operating Activities	2,295,026	766,685	3,061,711	(38,478)
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Acquisition and Construction of Capital Assets	(211,983)	-	(211,983)	-
Proceeds from Disposition of Assets	139,500	-	139,500	-
Interest Expense Paid on Long Term Debt Not Capitalized	(945,184)	(718,743)	(1,663,927)	(138)
Proceeds from Long Term Debt	1,433,929	24,496,071	25,930,000	-
Principal Paid on Long Term Debt	(2,297,787)	(22,044,769)	(24,342,556)	(5,791)
Bond Issuance Expense	(29,613)	(493,264)	(522,877)	-
Net Deferred Refunding Amount	(25,102)	(2,716,804)	(2,741,906)	-
Cash Payments from Other Funds for Capital Activities	(1,077,760)	1,077,760	-	-
Capital Contributions	352,198	114,333	466,531	-
Net Cash Used in Capital and Related Financing Activities	(2,661,802)	(285,416)	(2,947,218)	(5,929)
<b>Cash Flows From Investing Activities:</b>				
Interest Income Received	2,924	1,211	4,135	908
Net Cash Provided by Investing Activities	2,924	1,211	4,135	908
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(363,852)	482,480	118,628	(43,499)
<b>Cash and Cash Equivalents - Beginning of Year</b>	5,146,989	376,070	5,523,059	298,352
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 4,783,137</u>	<u>\$ 858,550</u>	<u>\$ 5,641,687</u>	<u>\$ 254,853</u>
<b>Schedule of Noncash Investing, Capital and Financing Activities:</b>				
Amortization of Deferred Bond Expense	<u>\$ 12,152</u>	<u>\$ 7,365</u>	<u>\$ 19,517</u>	<u>\$ -</u>
Amortization of Bond Premium and Discount (Net)	<u>\$ (9,994)</u>	<u>\$ 3,945</u>	<u>\$ (6,049)</u>	<u>\$ -</u>
Gain on Disposal of Capital Assets	<u>\$ (118,514)</u>	<u>\$ -</u>	<u>\$ (118,514)</u>	<u>\$ -</u>
Non-employer Contributions to the Pension Plans	<u>\$ 61,299</u>	<u>\$ -</u>	<u>\$ 61,299</u>	<u>\$ 3,121</u>

(CONTINUED)

**CITY OF DENHAM SPRINGS  
PROPRIETARY FUNDS**

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities -			Governmental Activities - Motor Pool Internal Service Fund
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>				
Operating Income (Loss)	\$ 358,820	\$ (222,906)	\$ 135,914	\$ (71,920)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	1,746,751	476,658	2,223,409	9,615
Provision for Bad Debts	113,551	10,742	124,293	-
Intergovernmental Revenues	379,299	87,416	466,715	-
Miscellaneous Revenues	10,186	-	10,186	-
Insurance Proceeds	279,209	-	279,209	-
Pension Expense Adjustment	138,038	-	138,038	6,533
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(172,320)	(10,742)	(183,062)	-
(Increase) Decrease in Other Receivables	(293,468)	(75,433)	(368,901)	-
(Increase) Decrease in Unbilled Utility Sales	195,869	-	195,869	-
(Increase) Decrease in Due from Other Funds	(463,711)	34,618	(429,093)	-
(Increase) Decrease in Inventory	11,257	-	11,257	677
(Increase) Decrease in Prepaid Expenses	1,398	(5,106)	(3,708)	-
Increase (Decrease) in Accounts Payable - Trade	98,623	7,727	106,350	16,018
Increase (Decrease) in Accrued Salaries and Wages	(2,212)	-	(2,212)	-
Increase (Decrease) in Other Current Liabilities	(9,180)	-	(9,180)	31
Increase (Decrease) in Due To Other Funds	(34,618)	463,711	429,093	-
Increase (Decrease) in Customers' Deposits	(83,333)	-	(83,333)	-
Increase (Decrease) in Accumulated Unpaid Vacation	20,867	-	20,867	568
Net Cash Provided by (Used in) Operating Activities	\$ 2,295,026	\$ 766,685	\$ 3,061,711	\$ (38,478)

The accompanying notes are an integral part of this statement.

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

### (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, 2017 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, 2017

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:

#### BLENDDED 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, 2017

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, 2017.

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, 2017.

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, 2017

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, 2017.

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, 2017

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, 2017, 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, 2017

### 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, 2017

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 fund:

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 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, 2017

Additionally, the City reports the following fund types:

*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 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.

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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 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."

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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, 2017, there were no advances between funds.

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, 2017.

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.

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

*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.

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 estimated fair market value at the date of donation.

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

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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.

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.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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.

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.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

#### 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 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.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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 three (3) participants in the program as of June 30, 2017. 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.

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, 2017, there is one participant 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 Standards in the preparation of this Comprehensive Annual Financial Report:

In August 2015, the Governmental Accounting Standards Board issued GASB Statement No 77 - *Tax Abatement Disclosures*. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

In March 2016, the Governmental Accounting Standards Board issued GASB Statement No 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67 , *Financial Reporting for Pension Plans*, No. 68 , *Accounting and Financial Reporting for Pensions*, and No. 73 , *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 , and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The adoption of these standards 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 related to pensions.

#### 15. Current Accounting Pronouncements -

In June 2015, the Governmental Accounting Standards Board issued GASB Statement No 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 45 , *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017.

In March 2016, the Governmental Accounting Standards Board issued GASB Statement No 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts-or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements-in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged.

In November 2016, the Governmental Accounting Standards Board issued GASB Statement No 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

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

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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 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 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]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as goodwill and "negative" goodwill
- Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest earning investment contracts at amortized cost

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Classifying employer-paid member contributions for OPEB
- Simplifying certain aspects of the alternative measurement method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. 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.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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.

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 year end.

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.
5. 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.

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.

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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, 2017, the City Council approved the increase in the original expenditures and transfers out of the General Fund from \$11,521,572 to \$18,138,535.

The total General Fund increase amounted to \$6,616,963. The General Fund budget as amended was increased approximately \$6,709,000 for contract services for Streets related to flood debris pickup and monitoring, increased approximately \$551,000 for flood expenses, increased approximately \$323,000 for capital outlay expenses, decreased approximately \$53,000 for salaries, decreased approximately \$636,000 for operating transfers out, decreased approximately \$177,000 for payroll taxes, retirement, and group insurance, decreased approximately \$56,000 for maintenance and repair and maintenance, and decreased approximately \$28,000 for Ward Court cost. 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, 2017, 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.

#### **A. Primary Government**

As reflected in Exhibit A-1, the City of Denham Springs, Louisiana has cash totaling \$8,942,158. 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, 2017.

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Deposits in Bank Accounts per Balance Sheet:			
Cash and Cash Equivalents	\$3,300,471	\$5,641,687	\$8,942,158

*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, 2017, none of the City’s bank balance of \$9,120,266 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, 2017, 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	\$ 238,152	\$ 126,259	\$ 4,512,144
Fiduciary Amounts - Not Included in Statement of Net Position	<u>377,359</u>	<u>-</u>	<u>-</u>
	<u>\$ 615,511</u>	<u>\$ 126,259</u>	<u>\$ 4,512,144</u>

*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

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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, 2017, none of the component unit's bank balance of \$5,136,980 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.

For the current year, taxes were levied in December 2016 and were due by February 24, 2017 and became delinquent on February 25, 2017. The delay was due to the August 2016 flooding event that required the Livingston Parish Assessor to reassess property taxes due to the severe and widespread damage throughout Livingston Parish caused by the flooding.

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, 2017, taxes of 3.478 mills were levied on property with assessed valuations totaling \$81,148,660 and were dedicated to general purposes.

Total taxes levied were \$282,235. Taxes receivable at June 30, 2017, consisted of the following:

Taxes Receivable - Current Roll	\$ 6,622
Taxes Receivable - Prior Years	<u>28,241</u>
	34,863
Allowance for Uncollectible Taxes	<u>(30,358)</u>
	<u>\$ 4,505</u>

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

**(5) Receivables -**

Receivables as of June 30, 2017, 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	\$ -	\$ 34,863	\$ 117,043	\$ 68,020	\$ -	\$ (30,358)	\$ 189,568
Nonmajor Governmental Funds	-	-	-	350	-	-	350
Total Governmental Activities	-	34,863	117,043	68,370	-	(30,358)	189,918
<u>Business Type-Activities:</u>							
Utility Fund	-	-	-	913,035	417,047	(407,000)	923,082
<u>Component Units:</u>							
City Court of Denham Springs - Ward II	-	-	-	48	-	-	48
Marshal of City Court of Denham Springs - Ward II	-	-	-	1,425	-	-	1,425
Denham Springs Economic Development District	611	-	-	4,348	-	-	4,959
Total Component Units	611	-	-	5,821	-	-	6,432
	<u>\$ 611</u>	<u>\$ 34,863</u>	<u>\$ 117,043</u>	<u>\$ 987,226</u>	<u>\$ 417,047</u>	<u>\$ (437,358)</u>	<u>\$ 1,119,432</u>

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

Due from Other Governments as of June 30, 2017, 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	\$ 1,264,207	\$ 534,901	\$ 54,750	\$ 2,043,230	\$ -	\$ 3,897,088
Total Governmental Activities	1,264,207	534,901	54,750	2,043,230	-	3,897,088
<u>Business Type-Activities:</u>						
Utility Fund	-	-	-	381,128	2,500	383,628
<u>Component Units:</u>						
Denham Springs Economic Development District	695,723	357,256	-	-	-	1,052,979
Total Component Units	695,723	357,256	-	-	-	1,052,979
	<u>\$ 1,959,930</u>	<u>\$ 892,157</u>	<u>\$ 54,750</u>	<u>\$ 2,424,358</u>	<u>\$ 2,500</u>	<u>\$ 5,333,695</u>

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

**(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	\$ 5,852,499	\$ -
	Utility Fund	-	123,920
Utility Fund	Sewer District Number 1	-	5,852,499
	Sewer District Number 1	<u>123,920</u>	<u>-</u>
		<u>\$ 5,976,419</u>	<u>\$ 5,976,419</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 \$5,852,499 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 \$123,920 for impact fees collected and billed and unbilled sales for the month of June 2017. 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	\$ -	\$ 66,873
<u>Component Units:</u>		
Springs at Riverside Landing Economic Development District	(35,775)	-
Marshall of City Court of Denham Springs - Ward II	<u>(31,098)</u>	<u>-</u>
Total	<u>\$ (66,873)</u>	<u>\$ 66,873</u>

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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

Primary government capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land and Right-of-Ways	\$ 1,314,460	\$ -	\$ -	\$ 1,314,460
Construction in Progress	<u>318,532</u>	<u>489,228</u>	<u>(57,760)</u>	<u>750,000</u>
Total Capital Assets not being Depreciated	1,632,992	489,228	(57,760)	2,064,460
Capital Assets being Depreciated:				
Buildings and Improvements	5,354,260	-	-	5,354,260
Infrastructure	5,683,802	-	-	5,683,802
Equipment	<u>6,959,443</u>	<u>895,437</u>	<u>(1,989,985)</u>	<u>5,864,895</u>
Total Capital Assets being Depreciated	17,997,505	895,437	(1,989,985)	16,902,957
Less: Accumulated Depreciation for:				
Buildings and Improvements	3,322,133	126,002	-	3,448,135
Infrastructure	3,218,643	221,640	-	3,440,283
Equipment	<u>5,503,791</u>	<u>281,351</u>	<u>(1,602,106)</u>	<u>4,183,036</u>
Total Accumulated Depreciation	<u>12,044,567</u>	<u>628,993</u>	<u>(1,602,106)</u>	<u>11,071,454</u>
Total Capital Assets being Depreciated, Net	<u>5,952,938</u>	<u>266,444</u>	<u>(387,879)</u>	<u>5,831,503</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 7,585,930</u>	<u>\$ 755,672</u>	<u>\$ (445,639)</u>	<u>\$ 7,895,963</u>

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
<u>Business-Type Activities:</u>				
Capital Assets not being Depreciated:				
Land and Right-of-Ways	\$ 4,285,342	\$ -	\$ -	\$ 4,285,342
Construction in Progress	11,080	36,806	-	47,886
Total Capital Assets not being Depreciated	4,296,422	36,806	-	4,333,228
Capital Assets being Depreciated:				
Buildings and Improvements	583,297	-	-	583,297
Gas System	5,185,265	121,959	-	5,307,224
Water System	17,386,635	-	-	17,386,635
Sewer System	56,982,414	-	-	56,982,414
Equipment	2,930,110	53,218	(404,242)	2,579,086
Total Capital Assets being Depreciated	83,067,721	175,177	(404,242)	82,838,656
Less: Accumulated Depreciation for:				
Buildings and Improvements	285,359	11,777	-	297,136
Gas System	3,559,745	130,713	-	3,690,458
Water System	7,993,659	498,848	-	8,492,507
Sewer System	12,567,261	1,450,366	-	14,017,627
Equipment	2,515,371	131,705	(383,257)	2,263,819
Total Accumulated Depreciation	26,921,395	2,223,409	(383,257)	28,761,547
Total Capital Assets being Depreciated, Net	56,146,326	(2,048,232)	(20,985)	54,077,109
Total Business-Type Activities Capital Assets, Net	\$ 60,442,748	\$ (2,011,426)	\$ (20,985)	\$ 58,410,337

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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

<u>Governmental Activities:</u>		<u>Business-Type Activities:</u>	
General Government	\$ 81,670	Water	\$ 540,481
Public Safety	242,549	Gas	161,489
Highways and Streets	241,869	Sewer	1,519,330
Parks and Recreation	53,290	Sanitation	2,109
	<hr/>		
	619,378	Total Depreciation Expense -	
Capital Assets Held by Internal		Business-Type Activities	<hr/>
Service Funds are Charged to the			\$ 2,223,409
Various Functions Based on their			
Usage of the Assets	9,615		
	<hr/>		
Total Depreciation Expense -			
Governmental Activities	<u>\$ 628,993</u>		

Construction Commitments

*Governmental Activities:*

The City has seven active construction projects as of June 30, 2017 in the governmental activities. The projects include the Martin Luther King Jr. Drive Overlay Project, J Turn Project, River Road North Overlay Project, Maple Street Overlay Project, Julia Street Overlay Project, and Hatchell Lane and Northside Sidewalks Projects. The Martin Luther King, Jr. Drive Overlay Project, Julia Street Overlay Project and Maple Street Overlay Project are the only City owned projects. The other four projects are State of Louisiana owned. At June 30, 2017, the City was also in the process of upgrading its accounting software and the project was not complete and was included in construction in progress at year end. The following schedule represents commitments in the governmental funds at June 30, 2017:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Martin Luther King, Jr. Drive Overlay Project	\$ 464,657	\$ 46,452
Julia Street Overlay Project	84,500	-
Maple Street Overlay Project	200,843	393,850
	<hr/>	<hr/>
	\$ 750,000	\$ 440,302
	<hr/>	<hr/>

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

*Business-Type Activities:*

The City has one active construction project as of June 30, 2017 in the business-type activities. The following schedule represents the construction commitment in the proprietary funds at June 30, 2017:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Rushing Road Water Well Control Panel	\$ 47,886	\$ 28,794
	<u>\$ 47,886</u>	<u>\$ 28,794</u>

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 awaiting a determination from the Federal Emergency Management Agency 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 \$287,694 at June 30, 2017.

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

City Court of Denham Springs - Ward II:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
<u>Governmental Activities:</u>				
<u>Equipment</u>				
Copier	\$ 11,018	\$ -	\$ (11,018)	\$ -
Telephone System	11,171	-	(11,171)	-
Furniture and Fixtures	31,762	10,307	(31,762)	10,307
Computer Equipment	156,997	39,135	(156,997)	39,135
Police Equipment	4,273	-	(4,273)	-
Leasehold Improvements	15,696	-	(15,696)	-
Other Equipment	45,792	-	(45,792)	-
Totals	<u>276,709</u>	<u>49,442</u>	<u>(276,709)</u>	<u>49,442</u>
Less: Accumulated				
Depreciation	<u>253,848</u>	<u>4,627</u>	<u>(254,582)</u>	<u>3,893</u>
Capital Assets, Net	<u>\$ 22,861</u>	<u>\$ 44,815</u>	<u>\$ (22,127)</u>	<u>\$ 45,549</u>

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

Marshal of City Court of Denham Springs - Ward II:

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
<u>Governmental Activities:</u>				
Equipment				
Office Equipment	\$ 15,470	\$ 9,673	\$ (15,470)	\$ 9,673
Furniture and Fixtures	16,126	-	(16,126)	-
Machinery and Equipment	43,776	-	(32,844)	10,932
Vehicles	235,874	-	(48,327)	187,547
Leasehold Improvements	12,529	-	(12,529)	-
Totals	<u>323,775</u>	<u>9,673</u>	<u>(125,296)</u>	<u>208,152</u>
Less: Accumulated				
Depreciation	<u>245,285</u>	<u>20,466</u>	<u>(99,545)</u>	<u>166,206</u>
Capital Assets, Net	<u>\$ 78,490</u>	<u>\$ (10,793)</u>	<u>\$ (25,751)</u>	<u>\$ 41,946</u>

Denham Springs Economic Development District:

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land	<u>\$ 7,303,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,303,750</u>
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	<u>2,063,484</u>	<u>-</u>	<u>-</u>	<u>2,063,484</u>
Total Capital Assets being Depreciated	34,835,352	-	-	34,835,352

(CONTINUED)

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	5,486,722	655,131	-	6,141,853
Roads	2,635,937	328,332	-	2,964,269
Utilities	<u>864,083</u>	<u>103,174</u>	<u>-</u>	<u>967,257</u>
Total Accumulated Depreciation	<u>8,986,742</u>	<u>1,086,637</u>	<u>-</u>	<u>10,073,379</u>
Total Capital Assets being Depreciated, Net	<u>25,848,610</u>	<u>(1,086,637)</u>	<u>-</u>	<u>24,761,973</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 33,152,360</u>	<u>\$ (1,086,637)</u>	<u>\$ -</u>	<u>\$ 32,065,723</u>

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

Governmental Activities:

City Court of Denham Springs – Ward II	\$ 4,627
Marshal of City Court of Denham Springs - Ward II	20,466
Denham Springs Economic Development District	<u>1,086,637</u>
	<u>\$1,111,730</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, 2017

Current Year Advance Refunding

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. 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, 2017, \$21,425,000 of the 2009 Series defeased bonds are still outstanding. The 2006 Series Bonds were paid off during the year.

The sources and uses of the refunding issue is summarized below:

	<u>Series 2016 Sewer Refunding</u>
<u>Sources:</u>	
Principal Proceeds	\$ 25,930,000
Transfer from Existing Debt Service Reserve	191,011
	<u>\$ 26,121,011</u>
<u>Uses:</u>	
Deposit to Escrow Fund	\$ 25,591,997
Issuance Cost	529,014
	<u>\$ 26,121,011</u>

(CONTINUED)

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

	<u>Series 2016 Sewer Refunding</u>
<u>Cash Flow Difference:</u>	
Old Debt Service Cash Flows	\$ 43,373,591
Less: New Debt Service Cash Flows	(41,843,074)
Less: Contribution from Sinking Fund	(191,011)
Cash Flow Difference	<u>\$ 1,339,506</u>
<u>Economic Gain on Refunding:</u>	
Present Value of Old Debt Service Cash Flows	\$ 28,951,212
Less: Present Value of New Debt Service Cash Flows	(27,887,022)
Less: Net Contribution from Sinking Funds	(191,011)
Economic Gain	<u>\$ 873,179</u>

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 \$1,357,678, \$710,452 on the Series 2014 bonds, \$611,663 on the Series 2015 bonds, and \$35,563 on the 2016 Sewer Refunding 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. As a result of the issuance of the Revenue Refunding Bonds Series 2014 and 2015, \$18,755,000 of the 2006 Series Bonds were considered in-substance defeased and the liability for those bonds was removed from the City's books. At June 30, 2017, the 2006 Series Bonds were paid off including the defeased portions.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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. 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, 2016, \$7,155,000 of defeased bonds are still outstanding.

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 current year through the issuance of the Series 2016 Sewer Revenue Refunding Bonds.

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

The revenue bonds outstanding at June 30, 2017, are as follows:

<u>Description/Purpose</u>	<u>Original Issue Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance June 30, 2017</u>
<b>Business-Type Activities:</b>				
<b>Utility Enterprise Fund:</b>				
2006 Utility Revenue Bonds - Sewer Project	\$23,765,000	4.00 to 4.75%	12-01-2036	\$ -
2008 Utility Revenue Bonds - Sewer Project	\$ 9,100,000	3.00 to 4.88%	12-01-2038	430,000
2014 Utility Revenue Refunding Bonds	\$ 9,145,000	1.00 to 4.88%	12-01-2031	9,030,000
2015 Utility Revenue Refunding Bonds	\$ 9,440,000	2.00 to 4.00%	12-01-2036	9,355,000
2016 Utility Revenue Refunding Bonds	\$ 7,885,000	1.20 to 4.00%	12-01-2038	7,825,000
2016 Sewer Revenue Refunding Bonds	\$ 1,433,929	3.39%	12-01-2039	1,423,698
<b>Denham Springs Sewer District Number 1:</b>				
2009 Denham Springs Sewer District No. 1 Project	\$23,750,000	4.00 to 5.00%	12-01-2039	1,445,000
2016 Sewer Revenue Refunding Bonds	\$24,496,071	3.39%	12-01-2039	24,321,302
<b>Total Revenue Bonds</b>				<u>\$53,830,000</u>

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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

Year Ending June 30,	Principal	Interest	Total
2018	\$ 1,615,000	\$ 1,778,257	\$ 3,393,257
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
2023-2027	9,990,001	7,919,728	17,909,729
2028-2032	11,705,001	5,247,406	16,952,407
2033-2037	13,845,000	2,959,363	16,804,363
2038-2040	9,624,997	499,672	10,124,669
Total Revenue Bonds	<u>\$ 53,830,000</u>	<u>\$ 24,988,726</u>	<u>\$ 78,818,726</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, 2017, the Debt Service Fund requirements for the interest and principal accounts were fully funded with an actual balance of \$143,066.

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, 2017, the Debt Service Fund requirements for the interest and principal accounts were fully funded with an actual balance of \$63,980.

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

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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, 2017, the Debt Service Fund requirements for the interest and principal accounts were fully funded with an actual balance of \$71,925.

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, 2017, the Debt Service Fund requirements for the interest and principal accounts were fully funded with an actual balance of \$54,320.

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, 2017, the Debt Service Fund requirements for the interest and principal accounts were fully funded with an actual balance of \$277,058.

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.

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

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

due on the bonds into a principal account of the Debt Service Fund. At June 30, 2017, the Debt Service Fund requirements for the interest and principal accounts were fully funded with an actual balance of \$455,603.

For fiscal year end 2017, the City did not meet the bond covenant that requires that combined Utility Enterprise Fund net revenues combined with the Denham Springs Sewer District Number 1 net revenues in each fiscal year are 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 had an impact on expenses and on revenues. Management believes absent the flood event that the City would have met the bond covenant. As per the bond agreements, the City has starting 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 requires ten payments due in May and November of \$29,624 with a final payment due on November 20, 2017. The lease agreement contains a non-appropriation exculpatory clause that allows cancellation if the City Council does not make an annual appropriation for the lease payments. The capital lease payable at June 30, 2017, is as follows:

<u>Description/Purpose</u>	<u>Original Lease Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance June 30, 2017</u>
Capital lease to finance the purchase of thirteen pick-up trucks	\$276,483	2.55%	11/20/17	\$18,306

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 18,306	\$ 233	\$ 18,539

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, 2017, 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, 2017

Changes in Long-Term Liabilities. Long-term liability activity for the year ended June 30, 2017 is as follows:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Capital Lease	\$ 7,343	\$ -	\$ 5,791	\$ 1,552	\$ 1,552
Compensated Absences	880,927	454,155	475,132	859,950	214,987
Governmental Activities					
Long-Term Liabilities	<u>\$ 888,270</u>	<u>\$ 454,155</u>	<u>\$ 480,923</u>	<u>\$ 861,502</u>	<u>\$ 216,539</u>
Business-Type Activities:					
2006 Utility Revenue					
Bond-Sewer Project	\$ 1,845,000	\$ -	\$ 1,845,000	\$ -	\$ -
2008 Utility Revenue					
Bond-Sewer Project	635,000	-	205,000	430,000	210,000
2014 Utility Revenue					
Refunding Bond	9,090,000	-	60,000	9,030,000	65,000
2015 Utility Revenue					
Refunding Bond	9,410,000	-	55,000	9,355,000	55,000
2016 Utility Revenue					
Refunding Bond	7,885,000	-	60,000	7,825,000	55,000
2009 Denham Springs Sewer					
District No. 1 Project	23,315,000	-	21,870,000	1,445,000	465,000
2016 Sewer Revenue					
Refunding Bond	-	25,930,000	185,000	25,745,000	765,000
Capital Lease	79,309	-	62,555	16,754	16,754
Adjust for Deferred Amount:					
For Issuance Premiums	986,323	-	20,992	965,331	6,240
For Issuance Discounts	(164,734)	-	(152,357)	(12,377)	(7,558)
Total Bond Payable	53,080,898	25,930,000	24,211,190	54,799,708	1,630,436
Compensated Absences	198,206	180,208	159,341	219,073	54,768
Business-Type Activities					
Long-Term Liabilities	<u>\$ 53,279,104</u>	<u>\$ 26,110,208</u>	<u>\$ 24,370,531</u>	<u>\$ 55,018,781</u>	<u>\$ 1,685,204</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 \$21,655 of compensated absences and \$1,552 of capital lease payable 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, 2017

**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, 2017:

	<u>Balance</u>			<u>Balance</u>	<u>Due</u>
	<u>June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2017</u>	<u>Within</u>
					<u>One Year</u>
Governmental Activities:					
2011A Series	\$ 27,325,000	\$ -	\$ 765,000	\$ 26,560,000	\$ 805,000
2011B Series	<u>3,400,000</u>	<u>-</u>	<u>3,400,000</u>	<u>-</u>	<u>-</u>
Long-Term Liabilities	<u>\$ 30,725,000</u>	<u>\$ -</u>	<u>\$ 4,165,000</u>	<u>\$ 26,560,000</u>	<u>\$ 805,000</u>

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 is defined as 3.09% through December 31, 2016,

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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 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, 2017, 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	\$ 26,560,000
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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
2018	\$ 805,000	\$ 759,132	\$ 1,564,132
2019	845,000	735,660	1,580,660
2020	885,000	711,036	1,596,036
2021	930,000	685,224	1,615,224
2022	975,000	658,116	1,633,116
2023-2027	5,660,000	2,834,352	8,494,352
2028-2032	7,230,000	1,921,896	9,151,896
2033-2037	9,230,000	757,080	9,987,080
<b>Total</b>	<b>\$26,560,000</b>	<b>\$ 9,062,496</b>	<b>\$35,622,496</b>

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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, 2017:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Capital Leases	\$ 42,786	\$ 6,666	\$ 18,331	\$ 31,121	\$ 11,962

Capital Lease Payable. The Marshal entered into a capital lease agreement on February 28, 2013, for financing the purchase of two 2013 Chevrolet Impalas for the deputies. The lease requires monthly payments of principal and interest of \$1,002 for forty-eight months with a final payment due January 31, 2017. The lease agreements contain a non-appropriation exculpatory clause that allows cancellation if the Marshal does not make an annual appropriation for the lease payments. In August 2016, both of these vehicles were destroyed in the flood and the remaining lease obligation was paid during the year ended June 30, 2017.

The Marshal entered into another 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. A June 30, 2017, the book value (net of depreciation) of the vehicle was \$26,825.

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. A June 30, 2017, the book value (net of depreciation) of the vehicle was \$5,555.

The capital leases payable at June 30, 2017, 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, 2017</u>
Capital lease to finance the purchase of a copier	\$ 6,666	2.90%	03/01/22	\$ 6,355
Capital lease to finance the purchase of a 2015 Chevrolet Silverado	\$ 42,355	4.55%	09/04/19	24,766
				<u>\$ 31,121</u>

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 11,962	\$ 1,074	\$ 13,036
2019	12,497	540	13,037
2020	4,220	105	4,325
2021	1,381	53	1,434
2022	<u>1,061</u>	<u>15</u>	<u>1,076</u>
Total	<u>\$ 31,121</u>	<u>\$ 1,787</u>	<u>\$ 32,908</u>

**(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, 2017, customers' deposits amounted to \$1,055,227 and the balances of the certificate of deposit and the demand deposit account for Customers' Deposits amounted to \$1,172,532 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).

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

#### **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).

#### **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:

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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
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.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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.

#### **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

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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.

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

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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.

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.

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

### **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 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.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

#### **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  $\frac{2}{3}$  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.
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).

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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.

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.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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.

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

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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 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.

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

### *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, 2017, the employer contribution rate was 11% and the employee rate was 5% for Plan B. Contributions to MERS from the City were \$354,864 for the year ended June 30, 2017.

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, 2017.

#### **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, 2017, the employer contribution rate was 31.75% and the employee rate was 10% for hazardous duty members. The employer contribution rate was 33.75% and the employee rate was 8% for non-hazardous duty members. Contributions to MPERS from the City were \$498,418 for the year ended June 30, 2017.

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 \$112,904 for the year ended June 30, 2017.

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

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2017, the employer contribution rate was 25.25% and the employee rate was 10%. Contributions to FRS from the City were \$323,419 for the year ended June 30, 2017.

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 \$142,411 for the year ended June 30, 2017.

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

**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, 2017 for the plan for judges hired before January 1, 2011 were 11.5% for the employee and 38% for the employer. The status of the plan for judges hired before January 1, 2011 is closed.

The City's contractually required composite contribution rate for the year ended June 30, 2017 was 38% 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 \$9,804 for the year ended June 30, 2017.

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

At June 30, 2017, the City reported a liability of \$13,504,643 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, 2016 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, 2016 and change in proportion measured as of June 30, 2015 is as follows:

<u>Plan</u>	<u>Proportion at June 30, 2016</u>	<u>Change in Proportion</u>
MERS	4.76559%	-0.48161%
MPERS	0.60684%	-0.02873%
FRS	0.57365%	-0.06356%
LASERS	0.00146%	0.00007%

For the year ended June 30, 2017, the City recognized pension expense as follows:

<u>Plan</u>	<u>Pension Expense</u>
MERS	\$ 644,340
MPERS	585,973
FRS	566,334
LASERS	12,041
	<u>\$ 1,808,688</u>

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

At June 30, 2017, 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	\$ 32,399	\$ -	\$ -	\$ 66	\$ 32,465
Changes in Assumptions	196,844	276,546	32,336	-	505,726
Net difference between projected and actual earnings on pension plan investments	968,273	875,207	901,772	14,246	2,759,498
Changes in proportion and differences between Employer contributions and proportionate share of contributions	51,024	137,384	197,590	3,172	389,170
Employer contributions subsequent to the measurement date	354,864	498,418	323,419	9,804	1,186,505
<b>Total Deferred Outflows of Resources</b>	<b>\$ 1,603,404</b>	<b>\$ 1,787,555</b>	<b>\$ 1,455,117</b>	<b>\$ 27,288</b>	<b>\$ 4,873,364</b>
Deferred Inflows of Resources:					
Differences between expected and actual Experience	\$ 57,077	\$ 90,479	\$ 148,525	\$ 1,061	\$ 297,142
Changes in Assumptions	-	342	1,046	-	1,388
Net difference between projected and actual earnings on pension plan investments	-	-	-	-	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	222,146	319,603	433,387	1,442	976,578
<b>Total Deferred Inflows of Resources</b>	<b>\$ 279,223</b>	<b>\$ 410,424</b>	<b>\$ 582,958</b>	<b>\$ 2,503</b>	<b>\$ 1,275,108</b>

\$1,186,505 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:

<u>Year ended June 30:</u>	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>LASERS</u>	<u>Total</u>
2018	\$ 263,140	\$ 95,877	\$ 175,244	\$ 2,657	\$ 536,918
2019	303,159	266,525	175,244	3,390	748,318
2020	255,634	294,005	231,886	5,536	787,061
2021	147,384	222,306	106,386	3,398	479,474
2022	-	-	(89,159)	-	(89,159)
Thereafter	-	-	(50,861)	-	(50,861)
	<b>\$ 969,317</b>	<b>\$ 878,713</b>	<b>\$ 548,740</b>	<b>\$ 14,981</b>	<b>\$ 2,411,751</b>

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

***Actuarial Assumptions:***

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 for all plans are as follows:

	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>LASERS</u>
Inflation	2.875%	2.875%	2.875%	3.00%
Investment rate of return	7.50%	7.50%	7.50%	7.75%
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	3% to 5.5%

For MERS, the mortality rates were based on the RP-2000 Disabled Lives Mortality Table for employees (set back 2 years for males and females), 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), 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 Disabled Lives 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).

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.

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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 of 2.4% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rates of return were 8.30% for the year ended June 30, 2016. 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, 2016 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%	2.60%
Public Fixed Income	15%	1.80%
Alternative	35%	0.80%
Total	100%	5.20%
Inflation		2.50%
Expected Arithmetic Nominal Return		7.60%

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 8.25% for the year ended June 30, 2016. 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, 2016 are summarized in the following table:

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	53%	3.69%
Fixed Income	21%	0.49%
Alternative	20%	1.11%
Other	6%	0.21%
Total	<u>100%</u>	<u>5.50%</u>
Inflation		2.75%
Expected Arithmetic Nominal Return		<u>8.25%</u>

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 8.34% for the year ended June 30, 2016. 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, 2016 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>
Fixed Income	24%	1.85%
Equity	58%	6.77%
Alternative	8%	6.67%
Other	10%	4.30%
Total	<u>100%</u>	<u>5.34%</u>
Inflation		3.00%
Expected Arithmetic Nominal Return		<u>8.34%</u>

**CITY OF DENHAM SPRINGS**

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

JUNE 30, 2017

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, 2016 are summarized in the following table:

<b><u>Asset Class</u></b>	<b><u>Target Asset Allocation</u></b>	<b><u>Expected Portfolio Real Rate of Return</u></b>
Cash	0%	(0.24%)
Domestic Equity	25%	4.31%
International equity	32%	5.48%
Domestic Fixed Income	8%	1.63%
International Fixed Income	6%	2.47%
Alternative Investments	22%	7.42%
Global Asset Allocation	7%	2.29%
Total	<u>100%</u>	5.30%

***Discount Rate***

The discount rate used to measure the total pension liability was 7.5% for MERS, 7.5 % for MPERS, 7.5% for FRS, and 7.75% for LASERS which were no changes from the prior measurement date of June 30, 2015. 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, 2017

***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, 2016 for MERS, MPERS, FRS, and LASERS:

<b>MERS:</b>	Changes in Discount Rate		
	Plan B:		
	1% Decrease	Current	1% Increase
	6.50%	Discount Rate 7.50%	8.50%
Net pension liability (asset)	\$ 5,110,153	\$ 3,950,241	\$ 2,960,604

<b>MPERS:</b>	Changes in Discount Rate		
	Current		
	1% Decrease	Discount Rate	1% Increase
	6.50%	7.50%	8.50%
Net pension liability (asset)	\$ 7,582,377	\$ 5,687,838	\$ 4,097,200

<b>FRS:</b>	Changes in Discount Rate		
	Current		
	1% Decrease	Discount Rate	1% Increase
	6.50%	7.50%	8.50%
Net pension liability (asset)	\$ 5,112,020	\$ 3,752,164	\$ 2,608,550

<b>LASERS:</b>	Changes in Discount Rate		
	Current		
	1% Decrease	Discount Rate	1% Increase
	6.75%	7.75%	8.75%
Net pension liability (asset)	\$ 140,565	\$ 114,400	\$ 92,189

***Pension Plans Fiduciary Net Position***

MERS issued a stand-alone audit report on its financial statements for the year ended June 30, 2016. 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, 2017

MEPRS issued a stand-alone audit report on its financial statements for the year ended June 30, 2016. 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.lla.state.la.us](http://www.lla.state.la.us).

FRS issued a stand-alone audit report on its financial statements for the year ended June 30, 2016. 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.lla.state.la.us](http://www.lla.state.la.us).

Detailed information about LASERS' pension plan's fiduciary net position is available in the separately issued LASERS 2016 Comprehensive Annual Financial Report at [www.lasersonline.org](http://www.lasersonline.org) or on the Office of Louisiana Legislative Auditor's official website: [www.lla.state.la.us](http://www.lla.state.la.us).

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

At June 30, 2017 included in liabilities are payables to the pension plans as follows: MERS \$56,701, MPERS \$71,806, FRS \$48,420, and LASERS \$1,785. 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 95 to 97 for plan description and benefits provided by LASERS.

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

### ***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, 2017

### **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 to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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 Court's required contribution rate for the period July 1, 2016 to December 31, 2016 was 8% and was 8% for the period January 1, 2017 to June 30, 2017. Employees were required to contribute 3% of their annual salary for both periods. Contributions to PERS from the Court were \$20,871 for the year ended June 30, 2017.

According to state statute, PERS also receives ¼ 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 \$3,555 for the year ended June 30, 2017. For the Marshal, the amount of non-employer contributions recognized in the government-wide governmental activities statement of activities was \$2,278 for the year ended June 30, 2017.

##### **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, 2017 for the plan for judges hired before January 1, 2011 were 11.5% for the employee and 38% 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, 2017 was 38% 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 \$25,840 for the year ended June 30, 2017.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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

At June 30, 2017, the Court reported a liability of \$333,438 for its proportionate share of the net pension liability of PERS and LASERS combined. At June 30, 2017, the Marshal reported a liability of \$24,469 for its proportionate share of the net pension liability of PERS. For PERS, the net pension liability was measured as of December 31, 2016 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, 2016 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, 2016, the Court's proportion was .29392 % for PERS which was a decrease of .00073% from its proportion measured as of December 31, 2015. At June 30, 2016, the Court's proportion was .003760% for LASERS which was an increase of .00028% from its proportion measured as of June 30, 2015. At December 31, 2016, the Marshal's proportion was .18836% for PERS which was a decrease of .0405% from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the Court recognized pension expense of \$14,128 for PERS and \$14,676 for LASERS. For the year ended June 30, 2017, the Marshal recognized pension expense of \$21,755 for PERS.

At June 30, 2017, 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	\$ -	\$ 171	\$ 171	\$ -
Changes in Assumptions	4,554	-	4,554	2,918
Net difference between projected and actual earnings on pension plan investments	38,120	36,774	74,894	24,429
Changes in proportion and differences between Employer contributions and proportionate share of contributions	61	13,233	13,294	458
Employer contributions subsequent to the measurement date	9,440	25,840	35,280	5,261
Total Deferred Outflows of Resources	<u>\$ 52,175</u>	<u>\$ 76,018</u>	<u>\$ 128,193</u>	<u>\$ 33,066</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

	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	\$ 10,898	\$ 2,738	\$ 13,636	\$ 6,984
Net difference between projected and actual earnings on pension plan investments	-	-	-	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	685	1,932	2,617	-
Total Deferred Inflows of Resources	<u>\$ 11,583</u>	<u>\$ 4,670</u>	<u>\$ 16,253</u>	<u>\$ 6,984</u>

\$35,280 and \$5,261 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	City Court of Denham Springs - Ward Two			Marshal City Court of Denham Springs - Ward Two
	PERS	LASERS	Total	PERS
2018	\$ 9,997	\$ 11,155	\$ 21,152	\$ 9,066
2019	13,068	11,290	24,358	6,201
2020	9,160	14,291	23,451	5,554
2021	(1,073)	8,772	7,699	-
	<u>\$ 31,152</u>	<u>\$ 45,508</u>	<u>\$ 76,660</u>	<u>\$ 20,821</u>

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

***Actuarial Assumptions:***

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2016 for PERS and as of June 30, 2016 for LASERS are as follows:

	PERS	LASERS
Inflation	2.50%	3.00%
Investment rate of return	7.0% (net of investment expense)	7.75%
Salary increases	5.25% including inflation	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.

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 7.66% for the year ended December 31, 2016. 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, 2016 are summarized in the following table:

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed Income	35%	1.24%
Equity	52%	3.63%
Alternative	11%	0.67%
Real Assets	2%	0.12%
Total	<u>100%</u>	<u>5.66%</u>
Inflation		2.00%
Expected Arithmetic Nominal Return		<u>7.66%</u>

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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	0%	(0.24%)
Domestic Equity	25%	4.31%
International equity	32%	5.48%
Domestic Fixed Income	8%	1.63%
International Fixed Income	6%	2.47%
Alternative Investments	22%	7.42%
Global Asset Allocation	7%	2.29%
Total	<u>100%</u>	<u>5.30%</u>

***Discount Rate***

For PERS, the discount rate used to measure the total pension liability was 7.00% which was no change from the prior measurement date of December 31, 2015. For LASERS, the discount rate used to measure the total pension liability was 7.75% which was no change from the prior measurement date of June 30, 2015. The projection of cash flows used to determine the discount

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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, 2016 for PERS and as of June 30, 2016 for LASERS:

City Court of Denham Springs – Ward Two

	<b>Changes in Discount Rate</b>		
<b>PERS:</b>	<b>Plan B:</b>		
	<b>Current</b>		
	1% Decrease	Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Net pension liability (asset)	\$ 145,159	\$ 38,182	\$ (52,121)

	<b>Changes in Discount Rate</b>		
<b>LASERS:</b>	<b>Current</b>		
	1% Decrease	Discount Rate	1% Increase
	6.75%	7.75%	8.75%
Net pension liability (asset)	\$ 362,749	\$ 295,256	\$ 237,908

Marshal of City Court of Denham Springs – Ward Two

	<b>Changes in Discount Rate</b>		
<b>PERS:</b>	<b>Plan B:</b>		
	<b>Current</b>		
	1% Decrease	Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Net pension liability (asset)	\$ 93,024	\$ 24,469	\$ (33,401)

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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

PERS issued a stand-alone audit report on its financial statements for the year ended December 31, 2016. 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.lla.state.la.us](http://www.lla.state.la.us).

Detailed information about LASERS' pension plan's fiduciary net position is available in the separately issued LASERS 2016 Comprehensive Annual Financial Report at [www.lasersonline.org](http://www.lasersonline.org) or on the Office of Louisiana Legislative Auditor's official website: [www.lla.state.la.us](http://www.lla.state.la.us).

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

For the City Court of Denham Springs - Ward Two, included in liabilities is a payable in the amount of \$2,776 to LASERS. This payable is normal legally required contributions to the pension plan. There is no payable to PERS at June 30, 2017.

For the Marshal of City Court for Denham Springs – Ward Two, there is no payable to PERS at June 30, 2017.

#### **(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, 2017.

At June 30, 2017, assets totaling \$1,052,287 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, 2017, amounted to \$70,367.

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

**(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.

**(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, 2017, the State paid supplemental salaries to the City's fire and law enforcement employees in the amount of \$310,569.

**(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, 2017. 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	\$ 81,090
Lori Lamm-Williams, Council Member 1565 River Run Drive Denham Springs, Louisiana 70726 Telephone: 445-0273 - Term Began: January 1, 2015	\$ 12,000

(CONTINUED)

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

Christopher Davis, Council Member 114 Oakwood Drive Denham Springs, Louisiana 70726 Telephone: 802-6273 - Resigned: March 31, 2017	\$ 9,000
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 St. NE Denham Springs, Louisiana 70726 Telephone: 278-0076 - Term Began: January 1, 2015	\$ 12,000
Robert Poole, Council Member 1403 Weeping Willow Drive Denham Springs, Louisiana 70726 Telephone: 939-3526 - Term Began: January 1, 2015	\$ 12,000
Arthur Perkins, Council Member 906 Hatchell Lane Denham Springs, Louisiana 70726 Telephone: 445-1469 - Appointed: April 11, 2017	\$ 3,000

**(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, 2017:

Purpose	H. Gerard Landry
Salary	\$ 81,090
Benefits-insurance	8,622
Benefits-retirement	9,177
Vehicle provided by government	750
Reimbursements	1,025
Travel	-
Registration fees	75
Conference travel	-
	\$ 100,739

**CITY OF DENHAM SPRINGS**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

**(18) Schedule of Business-Type Activities Net Income (Loss) from Operations  
by Department for the Fiscal Year Ended June 30, 2017 -**

	<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	\$ 2,910,722	\$ 2,893,839	\$ 2,030,538	\$ 713,632	\$ 8,548,731	\$ 976,444
Delinquent Charges	37,338	37,121	26,047	9,154	109,660	-
Miscellaneous	-	84,778	120	-	84,898	-
Total Operating Revenues	<u>2,948,060</u>	<u>3,015,738</u>	<u>2,056,705</u>	<u>722,786</u>	<u>8,743,289</u>	<u>976,444</u>
<b>Operating Expenses:</b>						
Direct	1,624,376	1,430,934	1,894,846	787,807	5,737,963	876,829
General and Administrative	679,536	716,719	1,125,055	125,196	2,646,506	322,521
Total Operating Expenses	<u>2,303,912</u>	<u>2,147,653</u>	<u>3,019,901</u>	<u>913,003</u>	<u>8,384,469</u>	<u>1,199,350</u>
Operating Income (Loss) by Department	644,148	868,085	(963,196)	(190,217)	358,820	(222,906)
Nonoperating Revenues	22,774	231,211	610,639	-	864,624	88,627
Nonoperating Expenses	(639)	(258,384)	(744,837)	(74)	(1,003,934)	(1,228,443)
Capital Contributions	-	-	352,198	-	352,198	114,333
Change in Net Position					<u>571,708</u>	<u>(1,248,389)</u>
Business-Type Activities						
Departmental Net Income (Loss)	<u>\$ 666,283</u>	<u>\$ 840,912</u>	<u>\$ (745,196)</u>	<u>\$ (190,291)</u>		
Change in Net Position						
Business-Type Activities					<u>\$ 571,708</u>	<u>\$ (1,248,389)</u>

**CITY OF DENHAM SPRINGS**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

**(19) Schedule of Business-Type Activities Operating Expenses by Department  
for the Fiscal Year Ended June 30, 2017 -**

	<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	\$ 614,985	\$ -	\$ -	\$ -	\$ 614,985	\$ -
Direct Labor	496,324	475,179	549,604	-	1,521,107	-
Chlorinator Expense	-	10,506	-	-	10,506	-
Depreciation	161,489	540,481	1,042,672	2,109	1,746,751	476,658
Utilities	5,831	120,376	229,501	-	355,708	102,041
Equipment Expenses	52,459	36,018	48,218	-	136,695	-
Equipment Rental	3,776	20,168	6,410	-	30,354	135
Lab Fees	-	2,076	32,285	-	34,361	11,834
Maintenance	186,742	107,812	195,194	-	489,748	67,671
Meter Reading	90,321	110,392	-	-	200,713	-
Meter Repairs	5,120	-	-	-	5,120	-
Overhead Allocation	-	-	(218,490)	-	(218,490)	218,490
Small Tools and Supplies	7,329	7,926	9,452	-	24,707	-
Subcontract Disposal Service	-	-	-	785,698	785,698	-
	<u>1,624,376</u>	<u>1,430,934</u>	<u>1,894,846</u>	<u>787,807</u>	<u>5,737,963</u>	<u>876,829</u>
<b>General and Administrative Expenses:</b>						
Office Salaries	112,213	151,794	93,070	62,862	419,939	39,725
Payroll Taxes, Retirement and Group Insurance	279,389	262,270	280,630	25,370	847,659	16,033
Utilities	10,085	612	375	253	11,325	160
Flood Expenses	25,672	107,776	507,533	-	640,981	202,547
Maintenance and Repairs	3,599	328	-	-	3,927	-
Insurance	95,438	72,304	62,174	3,850	233,766	12,158
Miscellaneous	68,025	24,793	58,991	8,345	160,154	8,101
Office Expense	19,203	21,084	16,546	731	57,564	1,515
Professional Fees	12,575	16,791	53,864	6,621	89,851	31,435
Telephone	22,995	17,922	26,706	166	67,789	105
Bad Debts	30,342	41,045	25,166	16,998	113,551	10,742
	<u>679,536</u>	<u>716,719</u>	<u>1,125,055</u>	<u>125,196</u>	<u>2,646,506</u>	<u>322,521</u>
<b>Total Operating Expenses</b>	<u><u>\$ 2,303,912</u></u>	<u><u>\$ 2,147,653</u></u>	<u><u>\$ 3,019,901</u></u>	<u><u>\$ 913,003</u></u>	<u><u>\$ 8,384,469</u></u>	<u><u>\$ 1,199,350</u></u>

**CITY OF DENHAM SPRINGS**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

**(20) Schedule of Business-Type Activities Operating Expenses by  
Function for the Fiscal Year Ended June 30, 2017 -**

	<u>Total Utility Enterprise Fund</u>	<u>Denham Springs Sewer District Number 1</u>
<b>Personal Services and Benefits:</b>		
Direct Labor	\$ 1,521,107	\$ -
Office Salaries	419,939	39,725
Payroll Taxes, Retirement and Group Insurance	847,659	16,033
	<u>2,788,705</u>	<u>55,758</u>
<b>Contractual Services:</b>		
Chlorinator Expense	10,506	-
Equipment Rental	30,354	135
Lab Fees	34,361	11,834
Meter Reading	200,713	-
Subcontract Disposal Service	785,698	-
Professional Fees	89,851	31,435
	<u>1,151,483</u>	<u>43,404</u>
<b>Cost of Materials:</b>		
Natural Gas Purchases	614,985	-
<b>Utilities:</b>		
Utilities (Direct)	355,708	102,041
Utilities (General)	11,325	160
Telephone	67,789	105
	<u>434,822</u>	<u>102,306</u>
<b>Repair and Maintenance:</b>		
Equipment Expenses	136,695	-
Flood Expenses	640,981	202,547
Maintenance	489,748	67,671
Meter Repairs	5,120	-
Maintenance and Repairs	3,927	-
	<u>1,276,471</u>	<u>270,218</u>
<b>Supplies:</b>		
Small Tools and Supplies	24,707	-
Office Expense	57,564	1,515
Miscellaneous	160,154	8,101
	<u>242,425</u>	<u>9,616</u>
<b>Insurance</b>	233,766	12,158
<b>Depreciation</b>	1,746,751	476,658
<b>Overhead Allocation</b>	(218,490)	218,490
<b>Bad Debts</b>	113,551	10,742
Total Operating Expenses	<u>\$ 8,384,469</u>	<u>\$ 1,199,350</u>

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

**(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, 2017

Entity	Sales and Use Tax Percent	Percent of Sales Tax Pledged to District
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, 2017, the City abated sales taxes totaling \$1,028,051 under this cooperative endeavor agreement.

**(22) Subsequent Event -**

The City entered into a lease on the new City Hall on October 10, 2017. The lease term is for 12 months at \$13,965 per month.

Management has evaluated subsequent events through December 27, 2017, 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, 2017\*

<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- Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee 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%
<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%
<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%
<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%

\*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, 2017\*

<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- Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee 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%
<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%
<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%

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

\*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, 2017

<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 Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
<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%
<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%
<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%
<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%

(CONTINUED)

**CITY OF DENHAM SPRINGS**

SCHEDULE OF CONTRIBUTIONS BY PLAN

FOR THE YEAR ENDED JUNE 30, 2017

Fiscal Year	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
<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%
<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%
<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%

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, 2017

**Primary Government**

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

***Changes in Actuarial Assumptions***

Amounts reported in fiscal year ended June 30, 2015 for the Municipal Employees' Retirement System of Louisiana (MERS) reflect an adjustment in the discount rate used to measure the total pension liability. The discount rate for LSERS was reduced by .25% to 7.50% as of the valuation date June 30, 2015. Other changes are as follows:

Change in Assumptions:

Valuation Date	December 31, 2015	December 31, 2014
Inflation Rate	2.875%	3.00%
Projected Salary Increase	5.00% (including inflation and merit)	5.75% (including inflation and merit)

**Municipal Police Employees' Retirement System:**

***Changes in Actuarial Assumptions***

Valuation Date	December 31, 2015	December 31, 2014
Inflation Rate	2.875%	3.00%
Projected Salary Increase	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

**Firefighters' Retirement System:**

***Changes in Actuarial Assumptions***

Valuation Date	December 31, 2015	December 31, 2014
Inflation Rate	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 5.5% after 14 years

See auditor's report .

**CITY OF DENHAM SPRINGS**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2017

**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 .

*Changes of Assumptions*

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

**Component Units**

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

*Changes in Actuarial Assumptions*

Amounts reported in fiscal year ended December 31, 2015 for Parochial Employees' Retirement System of Louisiana (PERS) reflect an adjustment in the discount rate used to measure the total pension liability. The discount rate for PERS was reduced by .25% to 7.00% as of the valuation date December 31, 2015. Other changes are as follows:

Valuation Date	December 31, 2015	December 31, 2014
Inflation Rate	2.50%	3.00%
Projected Salary Increase	5.25% (2.50% Inflation, 2.75% Merit)	5.75% (3.00% Inflation, 2.75% Merit)

See auditor's report .

## **NONMAJOR GOVERNMENTAL FUNDS**

### **CAPITAL PROJECTS FUND**

Capital projects funds are 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.

Capital Projects Fund - This fund is used to account for the costs of major repairs and construction of City streets, for the costs of improving major drainage arteries throughout the City, and for the construction costs and/or major renovation costs to various City buildings.

### **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, 2017, 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, 2017

	Capital Projects Fund	1994 Paving Certificates Debt Service Fund	Cemetery Care Permanent Fund	Witness Fee - Special Revenue Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 50,524	\$ 3,269	\$ 948,596	\$ 158,653	\$ 1,161,042
Receivables (Net of Allowance for Uncollectibles):					
Other	-	-	-	350	350
Due from Other Governments	518,905	-	-	-	518,905
Total Assets	<u>\$ 569,429</u>	<u>\$ 3,269</u>	<u>\$ 948,596</u>	<u>\$ 159,003</u>	<u>\$ 1,680,297</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts Payable	\$ 408,072	\$ -	\$ 195	\$ 50	\$ 408,317
Total Liabilities	408,072	-	195	50	408,317
Fund Balances:					
Nonspendable:					
Permanent Fund Principal	-	-	948,401	-	948,401
Restricted For:					
Witness Fees	-	-	-	158,953	158,953
Other Purposes	-	3,269	-	-	3,269
Assigned To:					
Capital Projects	161,357	-	-	-	161,357
Total Fund Balances	<u>161,357</u>	<u>3,269</u>	<u>948,401</u>	<u>158,953</u>	<u>1,271,980</u>
Total Liabilities and Fund Balances	<u>\$ 569,429</u>	<u>\$ 3,269</u>	<u>\$ 948,596</u>	<u>\$ 159,003</u>	<u>\$ 1,680,297</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, 2017

	Capital Projects Fund	1994 Paving Certificates Debt Service Fund	Cemetery Care Permanent Fund	Witness Fee - Special Revenue Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>					
Intergovernmental:					
Federal Grants	\$ 516,214	\$ -	\$ -	\$ -	\$ 516,214
State Grants	97,846	-	-	-	97,846
Fees	-	-	-	12,993	12,993
Interest	-	-	1,394	20	1,414
Miscellaneous	-	-	25,140	-	25,140
Total Revenues	614,060	-	26,534	13,013	653,607
<b>Expenditures:</b>					
Current:					
General Government	-	-	1,170	4,161	5,331
Capital Outlay:					
Highways and Streets	620,286	-	-	-	620,286
Total Expenditures	620,286	-	1,170	4,161	625,617
Net Change in Fund Balances	(6,226)	-	25,364	8,852	27,990
<b>Fund Balances at Beginning of Year</b>	167,583	3,269	923,037	150,101	1,243,990
<b>Fund Balances at End of Year</b>	\$ 161,357	\$ 3,269	\$ 948,401	\$ 158,953	\$ 1,271,980

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, 2017

	<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	\$ 1,388,000	\$ 340,000	\$ 516,214	\$ 176,214
State Grants	-	85,000	97,846	12,846
Total Revenues	1,388,000	425,000	614,060	189,060
<b>Expenditures:</b>				
Construction Costs and Related Expenditures	2,023,559	450,000	620,286	(170,286)
Total Expenditures	2,023,559	450,000	620,286	(170,286)
Excess (Deficiency) of Revenues Over Expenditures	(635,559)	(25,000)	(6,226)	18,774
<b>Other Financing Sources:</b>				
Transfers In	635,559	-	-	-
Total Other Financing Sources	635,559	-	-	-
Net Change in Fund Balance	-	(25,000)	(6,226)	18,774
<b>Fund Balance at Beginning of Year</b>	167,583	167,583	167,583	-
<b>Fund Balance at End of Year</b>	<u>\$ 167,583</u>	<u>\$ 142,583</u>	<u>\$ 161,357</u>	<u>\$ 18,774</u>

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fees	\$ 21,800	\$ 15,100	\$ 12,993	\$ (2,107)
Interest	20	20	20	-
Total Revenues	21,820	15,120	13,013	(2,107)
<b>Expenditures:</b>				
General Government	16,656	5,402	4,161	1,241
Total Expenditures	16,656	5,402	4,161	1,241
Net Change in Fund Balance	5,164	9,718	8,852	(866)
<b>Fund Balance at Beginning of Year</b>	<u>150,101</u>	<u>150,101</u>	<u>150,101</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u><u>\$ 155,265</u></u>	<u><u>\$ 159,819</u></u>	<u><u>\$ 158,953</u></u>	<u><u>\$ (866)</u></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, 2017

**Governmental Funds Capital Assets:**

Land and Right-of-Ways	\$ 1,314,460
Land Improvements	55,430
Buildings	5,199,446
Equipment	5,703,120
Infrastructure	5,683,802
Construction in Progress	750,000
	<u>18,706,258</u>
Total Capital Assets	<u>\$ 18,706,258</u>

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

General Fund Revenues	\$ 6,677,544
Federal Revenues and Federal Grants	705,469
Donated Infrastructure	649,138
Capital Improvement Funds:	
City's Share of Cost:	
General Fund	6,676,229
Federal Revenue Sharing	201,482
Federal Grants	1,665,304
State Grants	2,131,092
	<u>18,706,258</u>
Total Investment in Capital Assets	<u>\$ 18,706,258</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, 2017

	<u>Land and Right- of-Ways</u>	<u>Improvements Other Than Buildings</u>	<u>Buildings</u>
<b>Function and Activity:</b>			
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
	<hr/>	<hr/>	<hr/>
Total General Government	1,010,794	24,952	1,728,514
Public Safety:			
Animal Control	1,500	11,750	115,335
Fire	8,250	-	548,842
Police	201,482	8,953	1,475,445
	<hr/>	<hr/>	<hr/>
Total Public Safety	211,232	20,703	2,139,622
Highways and Streets:			
Streets	2,748	-	10,329
Health:			
Council on Aging	-	-	370,890
Culture and Recreation:			
Tourism	-	-	950,091
Parks	89,686	9,775	-
	<hr/>	<hr/>	<hr/>
Total Culture and Recreation	89,686	9,775	950,091
Total Governmental Funds Capital			
Assets Allocated to Functions	<u>\$ 1,314,460</u>	<u>\$ 55,430</u>	<u>\$ 5,199,446</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.

<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
\$ -	\$ -	\$ 2,136,943
280,225	-	873,580
29,322	-	52,637
8,417	-	8,417
35,474	-	35,474
-	-	10,647
<u>353,438</u>	-	<u>3,117,698</u>
72,388	-	200,973
1,929,811	-	2,486,903
<u>1,983,427</u>	-	<u>3,669,307</u>
3,985,626	-	6,357,183
1,359,818	5,139,466	6,512,361
-	-	370,890
684	168,253	1,119,028
<u>3,554</u>	<u>376,083</u>	<u>479,098</u>
<u>4,238</u>	<u>544,336</u>	<u>1,598,126</u>
<u>\$ 5,703,120</u>	<u>\$ 5,683,802</u>	17,956,258
Construction in Progress		<u>750,000</u>
		<u>\$ 18,706,258</u>

## 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, 2017

Function and Activity:	Governmental	Transfers	Additions	Deductions	Governmental
	Funds Capital Assets 6/30/16				Funds Capital Assets 6/30/17
<b>General Government:</b>					
General Government Buildings	\$ 2,136,943	\$ -	\$ -	\$ -	\$ 2,136,943
Administration	1,056,610	-	99,372	282,402	873,580
Cemetery	56,537	-	-	3,900	52,637
Tax	10,738	-	6,217	8,538	8,417
Planning and Development	49,200	-	14,730	28,456	35,474
Public Service Workers	10,647	-	-	-	10,647
<b>Total General Government</b>	<b>3,320,675</b>	<b>-</b>	<b>120,319</b>	<b>323,296</b>	<b>3,117,698</b>
<b>Public Safety:</b>					
Animal Control	236,144	-	22,800	57,971	200,973
Fire	2,963,204	-	593,952	1,070,253	2,486,903
Police	3,784,083	-	127,210	241,986	3,669,307
Litter Control	24,330	-	-	24,330	-
<b>Total Public Safety</b>	<b>7,007,761</b>	<b>-</b>	<b>743,962</b>	<b>1,394,540</b>	<b>6,357,183</b>
<b>Highways and Streets:</b>					
Streets	6,749,941	-	31,156	268,736	6,512,361
<b>Health:</b>					
Council on Aging	370,890	-	-	-	370,890
<b>Culture and Recreation:</b>					
Tourism	1,119,028	-	-	-	1,119,028
Parks	482,511	-	-	3,413	479,098
<b>Total Culture and Recreation</b>	<b>1,601,539</b>	<b>-</b>	<b>-</b>	<b>3,413</b>	<b>1,598,126</b>
Construction in Progress	318,532	-	489,228	57,760	750,000
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 19,369,338</b>	<b>\$ -</b>	<b>\$ 1,384,665</b>	<b>\$ 2,047,745</b>	<b>\$ 18,706,258</b>

<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, 2017

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
CNA Surety	Public Official Bonds		
	Mayor: H. Gerard Landry	\$ 50,000	1/01/18
	Council Members:		
	Lori Lamm-Williams	\$ 10,000	1/01/18
	Arthur Perkins	\$ 10,000	1/01/18
	Jeffery Wesley	\$ 10,000	1/01/18
	Renee Delahoussaye	\$ 10,000	1/01/18
	Robert Poole	\$ 10,000	1/01/18
	Public Employees Blanket Bond:		
	City Treasurer:		
Michelle Hood	\$ 50,000	12/11/17	
City Clerk:			
Joan LeBlanc	\$ 50,000	2/06/18	
Hanover Insurance Company	Property and Casualty Coverage -		
	90% Co-Insurance:		
	Municipal Building	\$ 1,625,000	
	Contents	\$ 474,000	
	Boiler and Machinery	\$ 1,175,000	7/01/17
	<u>941 Government Street</u>		
	Steel Water Tank and Tower	\$ 258,000	7/01/17
	<u>110 Brignac Street</u>		
Council on Aging Buildings	\$ 835,000	7/01/17	
<u>949 Government Street</u>			
Fire Station Building	\$ 265,000		
Contents	\$ 11,000	7/01/17	
<u>1100 Hatchell Lane</u>			

(CONTINUED)

**CITY OF DENHAM SPRINGS**

SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2017

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
Hanover Insurance Company	Fire Station/Water Dept Office Building	\$ 630,000	
	Contents	\$ 15,000	7/01/17
	<u>27135 La. Hwy. 16</u>		
	Police Station and Jail Facility	\$1,420,000	
	Contents	\$ 155,000	7/01/17
	<u>447 Lamm Street</u>		
	Fire Station Building	\$ 358,000	
	Contents	\$ 13,000	7/01/17
	<u>930 Government Street</u>		
	Sewer Building	\$ 73,660	
	Contents	\$ 15,000	7/01/17
	<u>9150 Forest Delatte Road</u>		
	Street Dept. Maintenance Building	\$ 50,000	
	Contents	\$ 2,000	7/01/17
<u>600-A Bowman St.</u>			
Street Dept. Old Office Building	\$ 50,000		
Contents	\$ 2,000	7/01/17	
<u>600-B Bowman St.</u>			
Animal Control Buildings	\$ 59,000		
Contents	\$ 2,000	7/01/17	
<u>600-C Bowman Street</u>			
Street Dept. Maintenance Equipment Building	\$ 41,930		
<u>600-D Bowman St.</u>			

(CONTINUED)

**CITY OF DENHAM SPRINGS**

SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2017

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>	
Hanover Insurance Company	Street Dept. New Office Building	\$ 59,212	7/01/17	
	Contents	\$ 10,000		
	<u>600-E Bowman St.</u>			
	Youth Services Office Building	\$ 290,000	7/01/17	
	<u>940 Government Street</u>			
	Utility Warehouse Building	\$ 93,000	7/01/17	
	Contents	\$ 31,000		
	<u>112 Brignac Street</u>			
	Motor Pool and Warehouse Building	\$ 265,000	7/01/17	
	Contents	\$ 77,000		
	<u>401 N. Railroad Ave.</u>			
	Arts Council/Red Cross Building	\$ 160,000	7/01/17	
<u>133 Hummel St.</u>				
Pine Street Pump Station Building	\$ 13,000	7/01/17		
<u>2635 Pine St.</u>				
Steel Water Tank and Tower	\$ 566,000	7/01/17		
<u>9150 Pete's Highway</u>				
Old City Hall Building	\$ 679,566	7/01/17		
Contents	\$ 20,000			
<u>115 Mattie St.</u>				
Steel Water Tank and Tower	\$1,982,700	7/01/17		
<u>23322 Springhill Drive</u>				

(CONTINUED)

**CITY OF DENHAM SPRINGS**

SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2017

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
America First Insurance Company	Sewer Treatment Plant Scheduled Buildings Scheduled Equipment <u>9300 Forest Delatte Road</u>	\$ 136,005 \$ 4,138,381	7/01/17 7/01/17
Louisiana Workers' Compensation Corporation	Workmen's Compensation Statutory		7/01/17
Risk Management	General Liability Law Enforcement Professional Liability	\$ 500,000 \$ 500,000	7/01/17 7/01/17
Risk Management	Public Officials and Employees Liability Errors and Omissions	\$ 500,000	7/01/17
Risk Management	Business Auto Liability	\$ 500,000	7/01/17
Essex Insurance	Vehicle Physical Damage - Except Fire	Actual Cash Value	7/01/17
VFIS, Inc.	Vehicle Physical Damage - Fire	Actual Cash Value	7/01/17
National Flood Services	Flood Insurance:  Fire Station Building Contents <u>930 Government Street</u>  Youth Services Office Building Contents <u>940 Government Street</u>  Municipal Building Contents <u>941 Government Street</u>	  \$ 30,800 \$ 21,000  \$ 60,500 \$ 21,000  \$ 260,200 \$ 44,100	  7/01/17  7/01/17  7/01/17

(CONTINUED)

**CITY OF DENHAM SPRINGS**

SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2017

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
National Flood Services	Council on Aging Building	\$ 66,000	
	Contents	\$ 42,000	7/01/17
	<u>949 Government Street</u>		
	Fire Station Building	\$ 30,800	
	Contents	\$ 21,000	7/01/17
	<u>1100 Hatchell Lane</u>		
	Police Station and Jail Facility	\$ 275,000	
	Contents	\$ 21,000	7/01/17
	<u>447 Lamm Street</u>		
	Animal Control Center Building	\$ 17,600	7/01/17
<u>600-C Bowman Street</u>			

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.

Contents Page

Financial Trends 146

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 156

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

Debt Capacity 163

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 171

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 174

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)

	Fiscal Year			
	2008	2009	2010	2011
Governmental Activities:				
Net Investment in				
Capital Assets	\$ 8,417,766	\$ 8,531,386	\$ 8,505,809	\$ 8,303,719
Restricted	710,734	746,414	796,122	839,347
Unrestricted (Deficit)	<u>2,873,200</u>	<u>3,204,835</u>	<u>2,886,737</u>	<u>2,328,944</u>
Total Governmental Activities - Net Position	<u>\$ 12,001,700</u>	<u>\$ 12,482,635</u>	<u>\$ 12,188,668</u>	<u>\$ 11,472,010</u>
Business-Type Activities:				
Net Investment in				
Capital Assets	\$ 19,700,130	\$ 19,710,756	\$ 15,000,218	\$ 17,939,388
Restricted	-	-	-	3,993
Unrestricted (Deficit)	<u>(3,642,691)</u>	<u>(1,460,181)</u>	<u>326,220</u>	<u>(755,714)</u>
Total Business-Type Activities - Net Position	<u>\$ 16,057,439</u>	<u>\$ 18,250,575</u>	<u>\$ 15,326,438</u>	<u>\$ 17,187,667</u>
Primary Government:				
Net Investment in				
Capital Assets	\$ 28,117,896	\$ 28,242,142	\$ 23,506,027	\$ 26,243,107
Restricted	710,734	746,414	796,122	843,340
Unrestricted (Deficit)	<u>(769,491)</u>	<u>1,744,654</u>	<u>3,212,957</u>	<u>1,573,230</u>
Total Primary Government - Net Position	<u>\$ 28,059,139</u>	<u>\$ 30,733,210</u>	<u>\$ 27,515,106</u>	<u>\$ 28,659,677</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					
2012	2013	2014	2015	2016	2017
\$ 8,471,515	\$ 8,151,415	\$ 7,959,533	\$ 7,833,690	\$ 7,578,587	\$ 7,894,411
877,924	921,576	974,571	1,039,675	1,076,407	1,110,623
1,855,098	1,907,078	2,002,874	(6,861,769)	(6,361,194)	(4,551,104)
<u>\$ 11,204,537</u>	<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>
\$ 16,891,492	\$ 16,210,790	\$ 13,425,685	\$ 11,743,652	\$ 11,092,592	\$ 10,709,842
4,045	25	51	-	-	-
(427,300)	(403,066)	1,130,865	1,710,830	2,865,893	2,571,962
<u>\$ 16,468,237</u>	<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>
\$ 25,363,007	\$ 24,362,205	\$ 21,385,218	\$ 19,577,342	\$ 18,671,179	\$ 18,604,253
881,969	921,601	974,622	1,039,675	1,076,407	1,110,623
1,427,798	1,504,012	3,133,739	(5,150,939)	(3,495,301)	(1,979,142)
<u>\$ 27,672,774</u>	<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>

**CITY OF DENHAM SPRINGS**

CHANGE IN NET POSITION

Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	Fiscal Year			
	2008	2009	2010	2011
<b>Expenses</b>				
Governmental Activities:				
General Government	\$ 2,247,954	\$ 2,001,415	\$ 2,067,324	\$ 2,049,444
Public Safety	6,498,239	6,501,384	6,559,364	6,818,702
Highways and Streets	5,227,848	5,665,185	1,765,577	2,406,333
Health	89,043	87,189	78,210	82,048
Culture and Recreation	8,097	47,985	95,680	94,656
Interest on Long-Term Indebtedness	9,364	64,051	38,190	27,237
Total Governmental Activities Expenses	14,080,545	14,367,209	10,604,345	11,478,420
Business-Type Activities:				
Gas	3,933,171	3,645,980	3,492,599	3,260,737
Water	1,882,160	1,600,633	2,173,325	2,384,053
Sewer	1,830,952	1,986,382	3,636,328	3,839,131
Sanitation	796,411	837,536	848,089	881,472
Total Business-Type Activities	8,442,694	8,070,531	10,150,341	10,365,393
Total Primary Government Expenses	\$ 22,523,239	\$ 22,437,740	\$ 20,754,686	\$ 21,843,813
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
Public Safety	\$ 650,153	\$ 619,044	\$ 817,367	\$ 721,118
Highways and Streets	14,660	14,510	14,510	14,510
Operating Grants and Contributions	344,400	4,394,359	447,024	853,316
Capital Grants and Contributions	3,532,821	139,634	203,621	276,453
Total Governmental Activities Program Revenues	4,542,034	5,167,547	1,482,522	1,865,397
Business-Type Activities:				
Charges for Services:				
Natural Gas	4,195,400	4,391,189	4,320,370	3,854,570
Water	1,946,603	2,261,158	2,240,377	2,332,431
Sewer	1,536,795	2,537,311	2,458,704	2,424,324
Sanitation	677,995	733,631	729,993	751,127
Operating Grants and Contributions	-	143,268	-	-
Capital Grants and Contributions	194,133	151,022	57,988	2,761,000
Total Business-Type Activities Program Revenues	8,550,926	10,217,579	9,807,432	12,123,452
Total Primary Government Programs Revenues	\$ 13,092,960	\$ 15,385,126	\$ 11,289,954	\$ 13,988,849
<b>Net Expense/Revenue</b>				
Governmental Activities	\$ (9,538,511)	\$ (9,199,662)	\$ (9,121,823)	\$ (9,613,023)
Business-Type Activities	108,232	2,147,048	(342,909)	1,758,059
Total Primary Government Net Expense	\$ (9,430,279)	\$ (7,052,614)	\$ (9,464,732)	\$ (7,854,964)

(CONTINUED)

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 2,076,944	\$ 2,095,813	\$ 2,023,504	\$ 2,145,397	\$ 2,152,354	\$ 2,639,792
6,930,110	6,947,554	7,030,418	6,878,353	6,805,088	7,144,277
1,927,226	1,995,902	1,927,344	2,453,904	1,971,847	8,776,069
52,623	44,438	39,680	74,835	51,650	30,273
134,582	147,513	143,393	183,990	161,147	133,933
18,977	9,489	1,202	156	-	-
11,140,462	11,240,709	11,165,541	11,736,635	11,142,086	18,724,344
2,568,005	2,754,965	3,415,081	3,101,268	2,282,747	2,304,551
2,417,291	2,446,504	2,594,965	2,554,246	2,394,908	2,406,037
5,233,099	5,843,113	6,035,356	6,158,037	5,879,536	6,192,531
884,991	890,073	830,080	904,727	896,356	913,077
11,103,386	11,934,655	12,875,482	12,718,278	11,453,547	11,816,196
<u>\$ 22,243,848</u>	<u>\$ 23,175,364</u>	<u>\$ 24,041,023</u>	<u>\$ 24,454,913</u>	<u>\$ 22,595,633</u>	<u>\$ 30,540,540</u>
\$ 663,914	\$ 764,673	\$ 615,208	\$ 666,342	\$ 543,245	\$ 355,745
12,850	12,850	12,850	12,850	12,850	12,850
518,005	765,552	458,459	711,480	763,052	7,288,463
563,364	29,762	-	337,369	-	691,742
1,758,133	1,572,837	1,086,517	1,728,041	1,319,147	8,348,800
3,560,357	4,072,157	5,349,179	4,758,675	3,655,028	2,948,060
2,879,773	2,943,436	3,354,399	3,387,207	3,446,017	3,015,738
3,000,401	3,221,524	3,594,076	3,370,735	3,458,451	3,033,149
791,828	779,458	794,722	816,824	802,098	722,786
30,750	75,253	91,146	60,940	170,101	528,014
281,339	147,779	71,938	532,141	385,893	466,531
10,544,448	11,239,607	13,255,460	12,926,522	11,917,588	10,714,278
<u>\$ 12,302,581</u>	<u>\$ 12,812,444</u>	<u>\$ 14,341,977</u>	<u>\$ 14,654,563</u>	<u>\$ 13,236,735</u>	<u>\$ 19,063,078</u>
\$ (9,382,329)	\$ (9,667,872)	\$ (10,079,024)	\$ (10,008,594)	\$ (9,822,939)	\$ (10,375,544)
(558,938)	(695,048)	379,978	208,244	464,041	(1,101,918)
<u>\$ (9,941,267)</u>	<u>\$ (10,362,920)</u>	<u>\$ (9,699,046)</u>	<u>\$ (9,800,350)</u>	<u>\$ (9,358,898)</u>	<u>\$ (11,477,462)</u>

**CITY OF DENHAM SPRINGS**

CHANGE IN NET POSITION - CONTINUED

Last Ten Fiscal Years  
(Accrual Basis of Accounting)

<b>General Revenues and Other Changes in Net Position</b>	Fiscal Year			
	2008	2009	2010	2011
<b>Governmental Activities:</b>				
Taxes:				
Property	\$ 187,707	\$ 205,201	\$ 206,395	\$ 215,189
Sales	6,856,653	6,921,858	6,310,540	6,343,589
Occupational and permits	984,586	981,531	983,098	959,812
Franchise	860,134	870,836	764,639	797,798
Miscellaneous	756,132	672,517	551,082	571,449
Interest Income	126,616	28,654	12,102	8,527
Insurance Proceeds	-	-	-	-
<b>Total Governmental Activities</b>	<b>9,771,828</b>	<b>9,680,597</b>	<b>8,827,856</b>	<b>8,896,364</b>
<b>Business-Type Activities:</b>				
Miscellaneous	9,544	15,980	57,330	91,277
Interest Income	54,608	30,108	14,149	11,893
Insurance Proceeds	-	-	-	-
Special Item	-	-	(2,652,707)	-
<b>Total Business-Type Activities</b>	<b>64,152</b>	<b>46,088</b>	<b>(2,581,228)</b>	<b>103,170</b>
<b>Total Primary Government</b>	<b>\$ 9,835,980</b>	<b>\$ 9,726,685</b>	<b>\$ 6,246,628</b>	<b>\$ 8,999,534</b>
<b>Change in Net Position</b>				
Governmental Activities	\$ 233,317	\$ 480,935	\$ (293,967)	\$ (716,659)
Business-Type Activities	172,384	2,193,136	(2,924,137)	1,861,229
<b>Total Primary Government</b>	<b>\$ 405,701</b>	<b>\$ 2,674,071</b>	<b>\$ (3,218,104)</b>	<b>\$ 1,144,570</b>

Schedule 5  
(Continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 210,351	\$ 218,788	\$ 293,173	\$ 320,432	\$ 319,365	\$ 275,364
6,627,015	6,904,506	7,249,345	7,347,545	7,281,993	8,389,648
996,867	1,021,659	1,020,538	1,029,019	1,070,043	1,041,368
736,292	709,917	842,446	832,404	786,427	648,653
538,527	584,829	622,875	584,526	636,518	1,179,183
5,804	3,705	7,556	8,256	10,797	12,542
-	-	-	-	-	988,916
9,114,856	9,443,404	10,035,933	10,122,182	10,105,143	12,535,674
20,539	25,549	17,262	40,877	30,134	128,700
11,332	9,011	9,386	9,754	9,828	17,328
-	-	-	-	-	279,209
(192,363)	-	-	-	-	-
(160,492)	34,560	26,648	50,631	39,962	425,237
\$ 8,954,364	\$ 9,477,964	\$ 10,062,581	\$ 10,172,813	\$ 10,145,105	\$ 12,960,911
\$ (267,473)	\$ (224,468)	\$ (43,091)	\$ 113,588	\$ 282,204	\$ 2,160,130
(719,430)	(660,488)	406,626	258,875	504,003	(676,681)
\$ (986,903)	\$ (884,956)	\$ 363,535	\$ 372,463	\$ 786,207	\$ 1,483,449

**CITY OF DENHAM SPRINGS**

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2008	2009	2010	2011
General Fund				
Nonspendable:				
Prepaid Insurance	\$ -	\$ -	\$ -	\$ 125,342
Unassigned	2,828,039	3,466,081	3,218,813	2,617,281
Total General Fund	<u>\$ 2,828,039</u>	<u>\$ 3,466,081</u>	<u>\$ 3,218,813</u>	<u>\$ 2,742,623</u>
All Other Governmental Funds				
Nonspendable:				
Permanent Fund Principal	\$ 650,680	\$ 677,899	\$ 717,816	\$ 752,020
Restricted For:				
Witness Fees	56,799	65,252	76,040	84,060
Other Purposes	3,255	3,263	3,266	3,267
Assigned To:				
Capital Projects	337,678	93,904	117,626	112,633
Total All Other Governmental Funds	<u>\$ 1,048,412</u>	<u>\$ 840,318</u>	<u>\$ 914,748</u>	<u>\$ 951,980</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					
2012	2013	2014	2015	2016	2017
\$ 172,462	\$ 112,097	\$ 208,467	\$ 105,702	\$ 88,670	\$ 50,376
2,107,487	2,178,728	2,283,061	2,015,310	2,355,986	4,422,595
<u>\$ 2,279,949</u>	<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>
\$ 775,852	\$ 808,328	\$ 853,534	\$ 890,819	\$ 923,037	\$ 948,401
98,804	109,979	117,768	145,587	150,101	158,953
3,268	3,269	3,269	3,269	3,269	3,269
148,456	226,634	162,034	92,983	167,583	161,357
<u>\$ 1,026,380</u>	<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>

**CITY OF DENHAM SPRINGS**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2008	2009	2010	2011
<b>Revenues:</b>				
Taxes	\$ 7,978,838	\$ 8,381,213	\$ 7,648,359	\$ 7,705,488
Licenses and Permits	984,586	981,531	983,098	959,812
Fines and Forfeits	442,529	474,065	757,852	658,025
Interest	125,589	27,825	11,934	8,408
Fees	160,969	145,556	55,275	57,549
Intergovernmental	3,909,975	4,565,078	680,638	1,072,271
Miscellaneous	710,349	270,351	173,054	300,089
<b>Total Revenues</b>	<b>14,312,835</b>	<b>14,845,619</b>	<b>10,310,210</b>	<b>10,761,642</b>
<b>Expenditures:</b>				
Current:				
General Government	2,891,831	1,943,669	1,965,060	1,952,557
Public Safety	6,899,834	7,148,230	6,444,582	6,450,485
Highways and Streets	1,649,499	5,409,480	1,557,264	1,537,640
Health	89,043	87,189	78,210	82,048
Culture and Recreation	11,510	29,992	70,903	73,787
Capital Outlay:				
General Government	653,753	278,400	17,000	-
Highways and Streets	4,113,006	173,038	80,115	628,305
Culture and Recreation	-	-	-	235,807
Debt Service:				
Principal Retirement	97,646	273,800	228,731	209,594
Interest	9,364	51,164	41,183	30,378
<b>Total Expenditures</b>	<b>16,415,486</b>	<b>15,394,962</b>	<b>10,483,048</b>	<b>11,200,601</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(2,102,651)</b>	<b>(549,343)</b>	<b>(172,838)</b>	<b>(438,959)</b>
<b>Other Financing Sources (Uses)</b>				
Capital Leases	125,426	979,291	-	-
Insurance Proceeds	-	-	-	-
Proceeds on Disposition of Assets	-	-	-	-
Transfers In	1,199,062	-	98,591	337,158
Transfers Out	(1,199,062)	-	(98,591)	(337,158)
<b>Total Other Financing Sources (Uses)</b>	<b>125,426</b>	<b>979,291</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ (1,977,225)</b>	<b>\$ 429,948</b>	<b>\$ (172,838)</b>	<b>\$ (438,959)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>0.79%</b>	<b>2.35%</b>	<b>2.71%</b>	<b>2.23%</b>

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 7,913,056	\$ 8,128,576	\$ 8,657,791	\$ 8,738,638	\$ 8,625,408	\$ 9,478,989
996,867	1,021,659	1,020,538	1,029,019	1,070,043	1,041,368
606,737	707,249	566,769	596,819	493,339	325,256
5,715	3,613	7,556	8,256	10,797	11,634
50,744	52,909	43,094	64,116	45,480	32,756
1,008,583	821,121	473,457	725,678	477,845	7,284,326
291,198	306,231	362,995	399,068	389,994	717,434
10,872,900	11,041,358	11,132,200	11,561,594	11,112,906	18,891,763
2,039,948	2,034,979	1,970,382	2,142,114	2,087,443	2,569,637
6,626,668	6,618,034	6,828,017	7,039,551	6,480,187	7,249,558
1,614,129	1,624,567	1,595,646	1,661,674	1,708,065	8,360,867
52,623	44,438	39,680	74,835	51,650	30,273
86,196	141,423	124,809	156,141	108,028	76,281
-	-	-	-	-	-
523,278	181,980	349,330	844,123	242,557	620,286
175,213	3,828	-	-	-	-
220,214	247,028	33,744	17,314	-	-
22,405	12,375	1,494	305	-	-
11,360,674	10,908,652	10,943,102	11,936,057	10,677,930	18,906,902
(487,774)	132,706	189,098	(374,463)	434,976	(15,139)
99,500	-	-	-	-	-
-	-	-	-	-	988,916
-	-	-	-	-	1,082,528
235,353	260,682	284,730	496,259	316,680	-
(235,353)	(260,682)	(284,730)	(496,259)	(316,680)	-
99,500	-	-	-	-	2,071,444
\$ (388,274)	\$ 132,706	\$ 189,098	\$ (374,463)	\$ 434,976	\$ 2,056,305
2.32%	2.41%	0.34%	0.16%	0.00%	0.00%

## CITY OF DENHAM SPRINGS

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Occupational Licenses and Permits	Charitable Gaming Tax	Total
2008	\$ 187,707	\$ 6,856,653	\$ 860,134	\$ 984,586	\$ 28,715	\$ 8,917,795
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

## CITY OF DENHAM SPRINGS

ASSESSED AND ESTIMATED ACTUAL VALUE  
OF TAXABLE PROPERTY

Last Ten Years

Year	Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Ratio of Total Assessed Value to Total Estimated Actual Value*
2008	\$ 67,347,330	2.83	\$ 611,248,455	11%
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

\*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

Fiscal Year	<u>City of Denham Springs</u>			<u>Parish Special Districts</u>				Total Parish Millage
	<u>Operating Millage</u>	<u>Total City Millage</u>	<u>Parishwide<sup>1</sup></u>	<u>Drainage District #1</u>	<u>Recreation District #3</u>	<u>Law Enforcement District</u>	<u>Juvenile Detention Center</u>	
2008	2.83	2.83	49.88	4.60	17.50	12.51	3.00	87.49
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

<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	32.55	55.02	145.34
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

## CITY OF DENHAM SPRINGS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Name of Taxpayer	Type of Business	2017			2008		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
All Star Dealership Properties	Retail	\$ 4,807,580	1	5.92%	\$ -	-	- %
Sam's East, Inc./Real Estate Business Trust	Retail	2,302,830	2	2.84			-
Walmart Louisiana, LLC	Retail	2,048,760	3	2.52	2,796,270	1	4.16
Home Depot #0375	Retail	1,621,720	4	2.00	1,778,210	3	2.65
Cox Communications	Telecommunications	1,106,860	5	1.36	-	-	-
Entergy Gulf States, LLC	Public Utility	1,060,690	6	1.31	-	-	-
First Guaranty Bank	Bank	911,280	7	1.12	882,580	9	1.31
Whitney Bank/Hancock Bank of Louisiana	Bank	863,370	8	1.06	1,255,650	6	1.87
Capital One Bank	Bank	793,420	9	0.98	1,238,970	7	1.84
Bellsouth Telecommunications, Inc.	Telecommunications	783,700	10	0.97	2,724,180	2	4.05
All Star Dodge, Inc.	Auto Dealership	-	-	-	1,546,300	4	2.30
All Star Ford, Inc.	Auto Dealership	-	-	-	1,298,530	5	1.93
Interface Denham Springs	Retail	-	-	-	920,810	8	1.37
		<u>\$ 16,300,210</u>		<u>20.08%</u>	<u>\$ 14,441,500</u>		<u>21.48%</u>

Source: Livingston Parish Assessor's Office.

## CITY OF DENHAM SPRINGS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

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
2008	\$ 189,945	\$ 185,750	97.79%	2,626	\$ 188,376	99.17%
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	-	272,614	96.59

## CITY OF DENHAM SPRINGS

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

## LAST TEN FISCAL YEARS

<u>Standard Industrial Classification Code</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Agriculture, Forestry, and Fishing	N/A									
Mining	N/A									
Construction	N/A									
Manufacturing	N/A									
Transportation and Public Utilities	N/A									
Wholesale Trade	N/A									
Other Retail Trade	N/A									
Vehicle	26,604	21,469	20,154	21,758	20,324	23,540	21,423	21,431	22,165	53,211
Food Stores	N/A									
Finance, Insurance, and Real Estate	N/A									
Services	N/A									
Public Administration	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

Fiscal Year Ended June 30	Governmental Activities			Business - Type Activities	
	General Obligation Bonds	Certificates of Indebtedness	Capital Lease	Revenue Bonds	Capital Lease
2008	\$ -	\$ -	\$ 151,634	\$ 32,528,203	\$ -
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

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>
\$ 32,679,837	N/A	10,439	\$ 3,130.55
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

## CITY OF DENHAM SPRINGS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

<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>
2008	-	-	-	N/A	N/A
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

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 DEBT

JUNE 30, 2017

	Gross Debt Outstanding	Amounts In Debt Service Fund For Principal	Net Debt Outstanding	City of Denham Springs	
				Estimated Percentage Applicable <sup>1</sup>	Share of Debt
<u>GOVERNMENTAL UNIT - Direct Debt</u>					
City of Denham Springs	\$ 1,552	\$ -	\$ 1,552	100%	\$ 1,552
<u>OTHER GOVERNMENTAL AGENCIES - Overlapping Debt</u>					
School District #1	16,285,000	350,765	15,934,235	30%	4,780,271
Library Bonds	4,955,000	815,113	4,139,887	11%	455,388
Livingston Parish -					
Recreation District No. 3	9,445,000	791,179	8,653,821	38%	3,288,452
Recreation District No. 3	350,000	404,456	(54,456)	38%	(20,693)
Total Other Governmental Agencies	<u>31,035,000</u>	<u>2,361,513</u>	<u>28,673,487</u>		<u>8,503,418</u>
Total Direct and Overlapping Debt	<u>\$ 31,036,552</u>	<u>\$ 2,361,513</u>	<u>\$ 28,675,039</u>		<u>\$ 8,504,970</u>
2017 Population					<u>10,314</u>
Per Capita					<u>\$ 825</u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt Limit	\$ 6,723,733	\$ 7,493,112	\$ 7,706,854	\$ 7,876,853
Total Net Debt Applicable to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 6,723,733</u>	<u>\$ 7,493,112</u>	<u>\$ 7,706,854</u>	<u>\$ 7,876,853</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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 7,728,979	\$ 7,981,711	\$ 8,240,110	\$ 8,565,035	\$ 8,566,085	\$ 8,114,866
-	-	-	-	-	-
<u>\$ 7,728,979</u>	<u>\$ 7,981,711</u>	<u>\$ 8,240,110</u>	<u>\$ 8,565,035</u>	<u>\$ 8,566,085</u>	<u>\$ 8,114,866</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 2017

Total Assessed Value	<u>\$ 81,148,660</u>
Debt Limit (10% of Total Assessed Value)	\$ 8,114,866
Less: Debt Applicable to Limit: General Obligation Bonds	<u>-</u>
Legal Debt Margin	<u>\$ 8,114,866</u>

**CITY OF DENHAM SPRINGS**

**PLEDGED REVENUE COVERAGE**

Last Ten Years

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
2008	\$ 9,021,392	\$ -	\$ 7,649,322	\$ 1,372,070	\$ 450,000	\$ 1,051,364 <sup>4</sup>
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

<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	Debt Service		Coverage
		Collections	Principal	Interest	
\$ 1,501,364	0.91	\$ -	\$ -	\$ -	N/A
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

## CITY OF DENHAM SPRINGS

### DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Years

<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>
2008	10,439	\$ 315,385	\$ 30,094	N/A	23,549
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

<sup>1</sup>Per State Treasurer's office years 2007-2010 and 2012-2017, 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>
4.5	5.0
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

## CITY OF DENHAM SPRINGS

Principal Employers

Current Year

<u>Employer</u>	<u>2017</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Livingston Parish School Board	566	1	6.82%
Walmart	333	2	4.01%
Home Depot	188	3	2.27%
Bass Pro Shops	175	4	2.11%
Whitney Bank	163	5	1.96%
City of Denham Springs	160	6	1.93%
Keller Williams	155	7	1.87%
Sam's Club	146	8	1.76%
B&C Sheet Metal	98	9	1.18%
Lard Oil	95	10	1.14%
	<u>2,079</u>		<u>25.05%</u>

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

Function	Full-time Equivalent Employees as of June 30				
	2008	2009	2010	2011	2012
<b>General Government:</b>					
General Provisions	13	14	14	14	14
Cemetery	2	-	-	-	-
Business License and Permit	1	1	1	1	1
Ward II Court	2	2	2	2	2
Planning and Zoning	4	3	3	3	3
Landscaping	-	-	-	-	-
<b>Public Safety:</b>					
Animal Control	11	10	10	10	10
Firemen	27	28	29	29	29
Firemen Administrative Staff	1	-	-	-	-
Policemen	33	34	37	34	36
Police Communications	5	3	3	3	2
Police Administrative Staff	6	5	5	5	5
Police Crossing Guards	3	3	3	3	3
Litter Control	1	-	-	-	-
<b>Public Works:</b>					
Street	18	18	21	21	21
<b>Culture and Recreation:</b>					
Main Street Director	-	-	-	-	-
Old City Hall Secretary	-	1	1	1	1
<b>Public Utilities:</b>					
Natural Gas, Water and Sewer	47	43	46	46	47
<b>Motor Pool:</b>					
Mechanics	2	2	2	2	2
<b>Total Full-time Equivalent</b>	<u>176</u>	<u>167</u>	<u>177</u>	<u>174</u>	<u>176</u>
<b>Total Full-time and Part-time Employees</b>	<u>166</u>	<u>186</u>	<u>179</u>	<u>187</u>	<u>186</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				
2013	2014	2015	2016	2017
14	14	12	10	15
-	-	-	-	-
1	1	1	1	1
2	2	2	2	2
3	2	4	4	5
-	-	-	-	-
13	11	13	8	7
29	26	27	26	27
-	3	2	2	2
33	31	33	27	27
2	3	4	4	5
5	5	5	4	6
3	3	3	3	3
-	-	-	-	-
20	23	20	18	20
-	-	-	-	1
1	1	1	1	1
42	41	44	42	33
2	2	2	2	2
170	168	173	154	157
189	175	183	174	162

**CITY OF DENHAM SPRINGS**

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	2008	2009	2010	2011
<b>General Government</b>				
<b>Election Data</b>				
Registered Voters	6,390	6,530	N/A	6,453
Voters at polls	1,519	2,447	N/A	2,042
Absentee ballots	88	304	N/A	175
Percent Voting	25.15%	37.48%	N/A	34.36%
<b>Ward II Court</b>				
<b>Court Cases</b>				
Civil	1,479	1,703	1,922	1,791
Criminal	2,422	1,750	2,078	1,894
Landlord and tenant (Included in Civil)	N/A	N/A	N/A	N/A
Small Claims	-	-	-	-
Traffic	14,281	12,256	17,084	15,798
<b>Public Safety</b>				
<b>Police Protection</b>				
Adult arrests	910	946	904	984
Civil infractions	N/A	N/A	N/A	N/A
Group A Offenses	1,528	1,169	1,279	1,229
Group B Offenses	513	603	1,061	772
Accidents w/injury	176	111	263	152
Juvenile arrest	93	98	106	87
DWI	122	118	138	143
Parking violations	N/A	N/A	N/A	N/A
Criminal damage to property	232	397	179	199
Private property damage	N/A	N/A	N/A	N/A
Total traffic violations	11,262	9,043	9,081	9,365
<b>Fire Protection</b>				
Fire	107	88	61	47
Estimated Loss Due to Fire Incidents Reported	N/A	\$ 142,175	\$ 1,228,225	\$ 1,140,450
Overpressure rupture, explosion, overhear (no fire)	4	6	4	3
Rescue & Emergency Medical Service Incident	1,187	1,026	977	939
Hazardous Condition (No Fire)	36	63	40	41
Service Call	102	137	89	82
Good Intent Call	117	103	18	46
False Alarm & False Call	122	78	108	76
Severe Weather & Natural Disaster	3	5	-	1
Special Incident Type	7	7	3	-

(CONTINUED)

2012	2013	2014	2015	2016	2017
6,370	6,514	6,394	6,388	5,877	6,445
1,387	2,123	640	2,407	1,668	2,933
177	N/A	80	346	297	1,137
24.55%	32.59%	11.26%	43.10%	33.43%	63.15%
1,791	1,746	1,815	2,478	1,953	1,207
1,779	1,718	1,764	1,755	N/A	415
N/A	N/A	N/A	N/A	N/A	N/A
-	-	-	-	1,103	N/A
12,238	15,683	12,641	15,440	10,975	3,577
1,012	853	880	936	885	683
N/A	N/A	N/A	N/A	N/A	719
1,271	1,311	999	984	826	711
1,127	1,199	842	1,564	898	742
146	136	243	169	119	111
78	66	59	58	42	35
147	102	75	69	70	76
N/A	N/A	N/A	N/A	N/A	N/A
183	119	138	142	120	101
N/A	N/A	N/A	N/A	N/A	N/A
10,087	9,604	6,005	12,125	9,147	8,025
78	62	74	54	56	53
\$ 266,100	\$ 491,800	\$ 809,350	\$ 908,700	\$ 167,800	\$ 665,800
5	1	4	8	4	2
875	1,074	1,282	1,223	1,045	908
44	23	32	41	39	38
116	134	116	116	163	131
107	135	209	287	219	213
87	127	120	141	107	150
3	-	1	5	2	2
-	2	3	6	1	-

**CITY OF DENHAM SPRINGS**

OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Natural Gas Services</b>				
<b>Customers</b>	6,114	6,394	6,483	6,189
Inside - Residential	2,435	2,458	2,430	2,175
Inside - Commercial/Industrial	332	355	357	265
Outside - Residential	3,313	3,504	3,616	3,676
Outside - Commercial/Industrial	34	77	80	73
<b>Natural Gas (in million cubic feet (MCF))</b>				
Purchased from LA Municipal Gas Authority (LMGA)	276,000	270,765	340,280	302,402
Sold to customers	259,041	263,564	322,042	319,225
<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. 3-1-08
<b>Water Services</b>				
<b>Customers</b>	7,448	7,584	7,574	7,977
Inside - Residential	3,351	3,351	3,327	3,865
Inside - Commercial/Industrial	680	692	686	217
Outside - Residential	3,342	3,463	3,483	3,476
Outside - Commercial/Industrial	75	78	78	178
Contracted Service - Shadow Springs Utility System, Inc.	N/A	N/A	N/A	241
<b>Water (per hundred gallons)</b>				
Sold to customers	8,660,348	7,880,994	7,840,105	8,280,542
<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)

2012	2013	2014	2015	2016	2017
6,223	6,274	6,325	6,362	6,410	5,816
2,169	2,179	2,168	2,132	2,144	1,762
260	255	254	262	259	228
3,720	3,765	3,824	3,887	3,923	3,745
74	75	79	81	84	81
247,898	278,445	321,867	302,169	242,638	183,224
234,112	266,238	342,111	287,104	266,666	182,691
\$ 8.25	\$ 8.25	\$ 8.32	\$ 8.48	\$ 8.41	\$ 8.48
eff. 7-1-11	eff. 3-1-13	eff. 7-1-13	eff. 7-1-14	eff. 7-1-15	eff. 7-1-16
8,215	8,370	8,470	8,606	8,645	8,095
3,930	3,950	3,943	3,927	3,914	3,535
260	268	275	286	290	285
3,828	3,941	4,029	4,153	4,184	4,004
197	211	223	240	257	271
-	-	-	-	-	-
8,561,011	8,156,525	7,892,791	7,576,086	7,693,095	8,750,638
\$ 2.25	\$ 2.25	\$ 2.27	\$ 2.31	\$ 2.29	\$ 2.31
\$ 2.10	\$ 2.10	\$ 2.12	\$ 2.16	\$ 2.14	\$ 2.16
\$ 1.95	\$ 1.95	\$ 1.97	\$ 2.01	\$ 1.99	\$ 2.01
\$ 75.00	\$ 75.00	\$ 75.64	\$ 77.12	\$ 76.48	\$ 77.11

**CITY OF DENHAM SPRINGS**

OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

	2008	2009	2010	2011
<b>Chart (A) - Monthly minimum charge</b>				
5/8 inch	\$ 6.75	\$ 6.75	\$ 6.75	\$ 6.75
3/4 inch	\$ 9.10	\$ 9.10	\$ 9.10	\$ 9.10
1 inch	\$ 15.15	\$ 15.15	\$ 15.15	\$ 15.15
1 1/2 inch	\$ 30.15	\$ 30.15	\$ 30.15	\$ 30.15
2 inch	\$ 48.30	\$ 48.30	\$ 48.30	\$ 48.30
3 inch	\$ 91.25	\$ 91.25	\$ 91.25	\$ 91.25
4 inch	\$ 152.20	\$ 152.20	\$ 152.20	\$ 152.20
6 inch	\$ 303.80	\$ 303.80	\$ 303.80	\$ 303.80
8 inch	\$ 607.25	\$ 607.25	\$ 607.25	\$ 607.25

**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
-------------------------	---------	---------	---------	---------

Flat fee for filling of swimming pool or tank truck

from fire hydrant by authorized personnel	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00
---	----------	----------	----------	----------

**Chart (B) - Monthly minimum charge**

5/8 inch	\$ 7.25	\$ 7.25	\$ 7.25	\$ 7.25
3/4 inch	\$ 10.90	\$ 10.90	\$ 10.90	\$ 10.90
1 inch	\$ 18.15	\$ 18.15	\$ 18.15	\$ 18.15
1 1/2 inch	\$ 36.20	\$ 36.20	\$ 36.20	\$ 36.20
2 inch	\$ 57.95	\$ 57.95	\$ 57.95	\$ 57.95
3 inch	\$ 109.50	\$ 109.50	\$ 109.50	\$ 109.50
4 inch	\$ 182.60	\$ 182.60	\$ 182.60	\$ 182.60
6 inch	\$ 364.55	\$ 364.55	\$ 364.55	\$ 364.55
8 inch	\$ 728.70	\$ 728.70	\$ 728.70	\$ 728.70

**Sewer Services**

<b>Customers</b>	5,485	5,601	5,547	5,600
Inside - Residential	3,208	3,210	3,184	3,256
Inside - Commercial/Industrial	619	636	633	632
Outside - Residential	1,623	1,715	1,691	1,219
Outside - Commercial/Industrial	35	40	39	20
Contracted Services-LP Sewer District #1 and #2	N/A	N/A	N/A	473
Denham Springs Sewerage District #1	N/A	N/A	N/A	1,269

(CONTINUED)

2012	2013	2014	2015	2016	2017
\$ 11.75	\$ 11.75	\$ 11.85	\$ 12.08	\$ 11.98	\$ 12.08
\$ 14.10	\$ 14.10	\$ 14.22	\$ 14.50	\$ 14.38	\$ 14.50
\$ 20.15	\$ 20.15	\$ 20.32	\$ 20.72	\$ 20.55	\$ 20.72
\$ 35.15	\$ 35.15	\$ 35.45	\$ 36.15	\$ 35.85	\$ 36.15
\$ 53.30	\$ 53.30	\$ 53.75	\$ 54.81	\$ 54.36	\$ 54.81
\$ 96.25	\$ 96.25	\$ 97.07	\$ 98.98	\$ 98.16	\$ 98.97
\$ 157.20	\$ 157.20	\$ 158.54	\$ 161.65	\$ 160.32	\$ 161.65
\$ 308.80	\$ 308.80	\$ 311.43	\$ 317.55	\$ 314.93	\$ 317.54
\$ 612.25	\$ 612.25	\$ 617.47	\$ 629.59	\$ 624.40	\$ 629.57
\$ 2.25	\$ 2.25	\$ 2.27	\$ 2.31	\$ 2.29	\$ 2.31
\$ 2.10	\$ 2.10	\$ 2.12	\$ 2.16	\$ 2.14	\$ 2.16
\$ 1.95	\$ 1.95	\$ 1.97	\$ 2.01	\$ 1.99	\$ 2.01
\$ 75.00	\$ 75.00	\$ 75.64	\$ 77.12	\$ 76.48	\$ 77.11
\$ 12.25	\$ 12.25	\$ 12.35	\$ 12.60	\$ 12.50	\$ 12.60
\$ 15.90	\$ 15.90	\$ 16.04	\$ 16.35	\$ 16.22	\$ 16.35
\$ 23.15	\$ 23.15	\$ 23.35	\$ 23.81	\$ 23.61	\$ 23.81
\$ 41.20	\$ 41.20	\$ 41.55	\$ 42.37	\$ 42.02	\$ 42.37
\$ 62.95	\$ 62.95	\$ 63.49	\$ 64.73	\$ 64.20	\$ 64.73
\$ 114.50	\$ 114.50	\$ 115.48	\$ 117.74	\$ 116.77	\$ 117.74
\$ 187.60	\$ 187.60	\$ 189.20	\$ 192.91	\$ 191.32	\$ 192.90
\$ 369.55	\$ 369.55	\$ 372.65	\$ 379.97	\$ 376.84	\$ 379.96
\$ 733.70	\$ 733.70	\$ 739.96	\$ 754.48	\$ 748.26	\$ 754.46
5,654	5,719	5,262	5,256	5,258	4,832
3,262	3,278	3,264	3,257	3,252	2,951
645	653	654	654	657	614
1,259	1,301	1,322	1,324	1,325	1,245
21	22	22	21	24	22
467	465	471	474	470	456
1,847	2,089	2,147	2,237	2,332	2,234

**CITY OF DENHAM SPRINGS**

OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

	2008	2009	2010	2011
<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.	314 Rooms 25%	341 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	23	27
Zone C-2 \$25.00	40	40	40	35
Zone C-3 \$30.00	510	510	529	391
Zone C-4 \$35.00	34	34	34	41
Zone I-1 and I-2 \$40.00	23	23	23	31
25% of water consumption				
per 100 gallons (Month Avg. 26,409)	25%	25%	25%	25%
RIRZ	23	23	23	27
<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/ inside City	Included w/ inside City	Included w/ inside City	Included w/ inside City
% of water consumption per 100 gallons				

(CONTINUED)

2012	2013	2014	2015	2016	2017
\$ 10.00 25%	\$ 10.00 25%	\$ 10.09 25.21%	\$ 10.28 25.71%	\$ 10.20 26%	\$ 10.28 26%
\$ 12.00 25%	\$ 12.00 25%	\$ 12.10 25.21%	\$ 12.37 25.71%	\$ 12.24 26%	\$ 12.37 26%
444 Rooms 25%	444 Rooms 25%	513 Rooms 25.21%	513 Rooms 25.71%	513 Rooms 26%	517 Rooms 26%
27	28	28	26	28	25
36	35	36	37	37	34
408	401	402	403	404	378
43	43	42	43	40	37
32	33	33	32	35	35
25%	25%	25.21%	25.71%	26%	26%
26	25	26	25	24	21
None 25%	None 25%	None 25.21%	None 25.71%	None 26%	None 26%
Included w/ inside City					

**CITY OF DENHAM SPRINGS**

OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Sanitation Services</b>				
<b>Customers</b>	3,470	3,485	3,460	3,504
Inside - Residential	3,318	3,323	3,297	3,355
Inside - Commercial/Industrial	152	162	163	149
Sanitation Service Contracted Rates - Monthly per Customer				
Twice Weekly Pickup and Weekly Pickup of Recycling	\$ 16.43	\$ 17.44	\$ 17.44	\$ 18.00
<b>Rates (amount billed customers)</b>				
Inside - Residential	\$ 16.43	\$ 17.44	\$ 17.44	\$ 17.44
Inside - Commercial/Industrial	\$ 14.68	\$ 15.69	\$ 15.69	\$ 15.69
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

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
3,559	3,574	3,579	3,565	3,573	3,180
3,396	3,414	3,422	3,405	3,413	3,032
163	160	157	160	160	148
\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.34	\$ 18.20	\$ 18.20
\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.34	\$ 18.20	\$ 18.20
\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.34	\$ 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**

	2008	2009	2010	2011	2012
<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	30	33	31	36	32
Vehicles - Unmarked	7	7	7	7	11
Motorcycles - Marked	4	4	4	4	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	568	1,099	1,099	1,099	1,099
Miles of natural gas mains	180	180	180	180	180
Miles of water mains	N/A	N/A	N/A	N/A	N/A
Miles of sanitary sewer:					
City of Denham Springs	N/A	N/A	N/A	N/A	N/A
Denham Springs Sewerage District #1	N/A	N/A	N/A	N/A	N/A
Number of sewer pumping stations:					
City of Denham Springs	37	37	37	37	39
Denham Springs Sewerage District #1	N/A	N/A	N/A	30	43
Type of sewer treatment system	Oxidation Ponds	Oxidation Ponds	Mechanical System	Mechanical System	Mechanical System
<b>Recreation and Culture</b>					
<b>Parks and Recreation</b>					
Acres	3	3	3	3	3
Developed Parks (Spring, Train Station, Willow & Old City Hall)	2	2	3	4	4
Buildings (Spring, Train Station, and Old City Hall)	2	3	3	3	3

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
1	1	1	1	1
1	1	1	1	1
31	32	32	30	32
10	10	10	7	6
5	5	5	5	5
1	1	1	1	1
3	3	3	3	3
6	6	6	6	5
1	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	2
652	652	652	613	613
284	284	284	343	343
2	2	2	11	11
17	19	19	19	20
1,408	1,410	1,415	1,415	1,418
180	180	189	189	191
148	148	150	150	150
68	68	68	68	69
38	38	38	38	39
39	39	39	39	36
43	43	44	44	48
Mechanical System	Mechanical System	Mechanical System	Mechanical System	Mechanical System
4	4	4	4	4
5	5	6	6	6
4	4	4	4	4