

City of Denham Springs, State of Louisiana



COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

Release Date JAN 15 2014

For The Year Ended June 30, 2013

**Comprehensive
Annual Financial Report
of the**

CITY OF DENHAM SPRINGS

Denham Springs, Louisiana

**For the Fiscal Year Ended
June 30, 2013**

**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, 2013

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DENHAM SPRINGS, LOUISIANA**

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

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City of Denham Springs

MAYOR
JAMES E. DURBIN

CITY CLERK
JOAN LEBLANC

CITY TREASURER
CLARENCE E. SPEED, JR.

December 30, 2013

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, 2013.

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, 2013, 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 was unmodified in that the financial statements 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 not required to undergo a single audit in conformance with the provisions of the revised Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Government and Non-Profit Organizations. Information related to 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 capital city of Baton Rouge and is a major industrial area. The City currently occupies a land area of 6.12 square miles and serves a population of 10,129. 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 |

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 nationwide financial crisis and subsequent economic distress has resulted in population growth in areas near Denham Springs to slowdown. Key to this slowdown is stricter qualifications for housing mortgages. On a positive note, 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 date Longhorn Steak House and Hooters 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. Opened in June 2012 is Sam's Club. There is still vacant land available for growth within the Bass Pro Development area.

At the intersection of Range Road North and Highway 190 is the location once occupied by a Winn Dixie grocery store. This store closed in 2003. After renovations this location is now occupied by Albertsons. It's grand opening was Wednesday May 4, 2011.

Underway is construction of a Tractor Supply Co. located on Florida Boulevard and a Cavender's Western Store on Bass Pro Boulevard. Currently in the planning stage by developers is the construction of a Holiday Inn hotel on the eastside of South Range Road.

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 58,439. This is according to the Louisiana Department of Labor June 2013 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 2013

The City of Denham Springs has made expansion of sewer services a top priority to areas currently provided water services outside the city limits. During fiscal year 2009, in accordance with Louisiana Revised Statute 33:3911 et seq. and approved by resolution of the Livingston Parish Council adopted December 11, 2008, the City of Denham Springs Council approved on January 26, 2009, the creation of the Denham Springs Sewerage District No. 1 covering areas outside the city limits currently provided water service. The City Council approved the issuance of \$23,750,000 series 2009 utility revenue bonds to finance the cost of constructing sewer lift stations and sewer transmission lines. The bond issue was transacted in November 2009 and net construction funds deposited with the City trustee, Regions Bank. Construction is complete for all phases as of June 30, 2012. It was anticipated that the initial new sewer customer total will be approximately 2,700. This number has since been revised due to paring the original project to its current limits. Upon completion of the construction, 1,847 customers were in the Sewerage District, compared to 2,089 customers in the Sewerage District at the end of the current fiscal year.

Long-term financial planning.

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

Fire Protection Improvements

- Maintaining the City's current fire rating of 2. Key to this is the replacement of old water service lines within the City, continued training of firefighters and upgrade of electronic documentation by the fire department.

Highway Infrastructure Improvements

- Construction of an I-12 interchange at Pete's Highway (LA Hwy. 16). This interchange project is to be funded by Federal and State appropriations.
- Rushing Road (LA Hwy. 3003 west) widening project from Range Avenue to Beau Village subdivision. This is to be funded by State and local appropriations. This project is currently underway. As of June 30, 2013 \$92,406 in city funds has been spent on engineering costs related to this road widening project.
- Cockerham Road (LA Hwy. 1030) sidewalk/safety/drainage improvement project. This project is to close in ditches on both sides of Cockerham Road (LA Hwy. 1030) between Range Avenue (LA Hwy. 16) and Hatchell Lane (LA Hwy. 1031) adding sidewalks and/or replacing sidewalks currently adjacent to deep ditches. This project anticipates \$1,500,000 of federal enhancement funds and federal safety funds to be available through the State of Louisiana Department of Transportation and Development (DOTD) for construction cost. A match of \$250,881 is anticipated by the City for surveying and engineering cost.
- Hatchell Lane (LA Hwy. 1031) sidewalk/drainage project. The City has authorized Forte and Tablada, Inc. (engineering firm) to make application for federal enhancement/safety dollars through the State of Louisiana Department of Transportation and Development (DOTD). Scope of project and project cost to be determined based on federal/state funding available.

- U.S. 190 and 4-H Club Road (LA Hwy. 1032) turn lane project. This project is to add new left turn lanes on 4H Club Road at the intersections of Rushing Road and Florida Boulevard. This project is to be funded by State appropriations. As of June 30, 2013 \$90,513.50 in city funds has been spent 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 for the planned construction of a new high school and will provide a link to the new interstate interchange and provide 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.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Denham Springs for its recognizing conformance with the highest standards for preparation of state and local government financial reports.

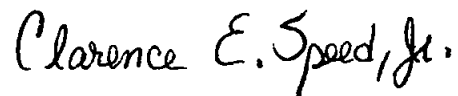
In order to be awarded a Certificate of Achievement by GFOA, a governmental unit must publish an easily readable and efficiently organized CAFR. This report satisfied both accounting principles generally accepted (GAAP) in the United States of America, and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Denham Springs has received this award each year for the 17-year period ending June 30, 2012. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. 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



Clarence E. Speed, Jr.
City Treasurer

CITY OF DENHAM SPRINGS
PRINCIPAL ELECTED OFFICIALS

JUNE 30, 2013

Mayor:

James E. Durbin

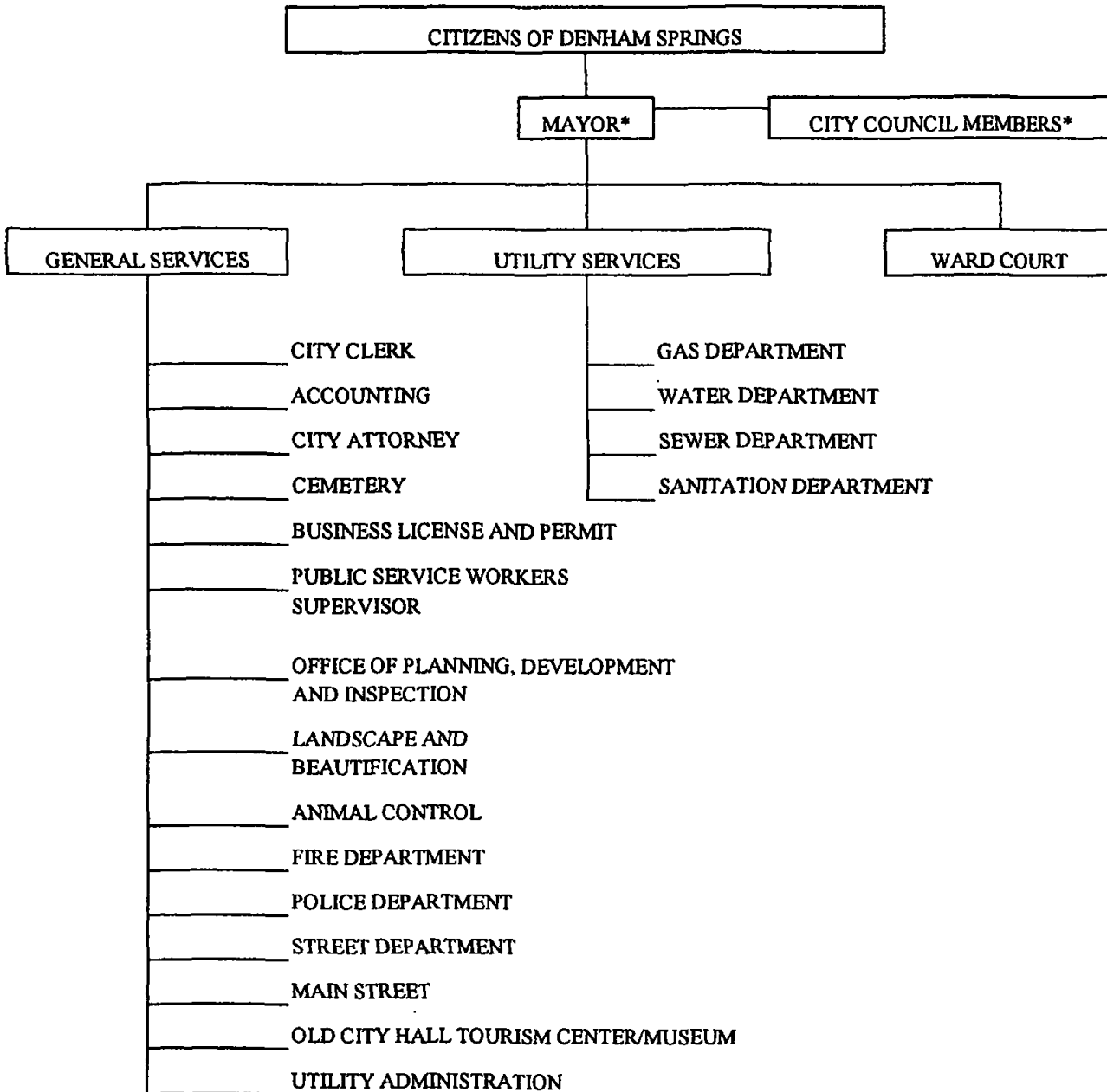
City Council Members:
Current Terms Expire December 31, 2014:

Lori Lamm-Williams
Arthur Perkins
John Wascom
Christopher Davis
Annie M. Fugler

CITY OF DENHAM SPRINGS

ORGANIZATIONAL CHART

JUNE 30, 2013



* ELECTED OFFICIALS



Government Finance Officers Association

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

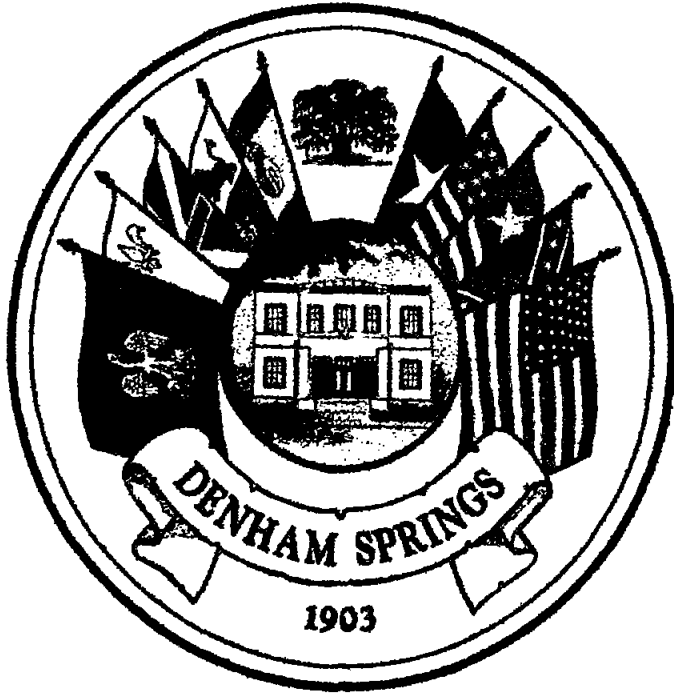
Presented to

**City of Denham Springs
Louisiana**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO



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INDEPENDENT AUDITOR'S REPORT

The Honorable James E. Durbin, 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. 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, 2013, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

The Honorable James E. Durbin
and Members of the City Council
City of Denham Springs, Louisiana

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, 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, 2013, 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, 2013, 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 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 on pages 5 through 26 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.

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, Schedule 1, and the statistical section, Schedules 2 through 21 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable James E. Durbin
and Members of the City Council
City of Denham Springs, Louisiana

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

The introductory section on pages iv through xiii and the statistical section, Schedules 2 through 21, 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 30, 2013, 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,

Harris J. Bougeois, CPA

Denham Springs, Louisiana
December 30, 2013

**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, 2013. 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-x 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 \$26,787,818 (*net position*).
- The primary government's total net position compared to prior year total net position of \$27,672,774 decreased by (\$884,956).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,439,035, an increase of \$132,706 in comparison with the prior year combined ending fund balances of \$3,306,329. Approximately sixty-three percent of this total amount, \$2,178,728, 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 \$2,178,728 or 21 percent of total general fund expenditures.
- The City's total liabilities decreased by (\$1,479,924) during the current fiscal year. Governmental activities liabilities decreased (\$204,248). Significant to this reduction is a net decrease in capital lease of (\$225,811), offset by a decrease of (\$16,297) for accounts payable and accrued expenses and increase in compensated absences of \$37,860 in an attempt to control overtime payments for fire and police. Business-type activities liabilities decreased (\$1,275,676). Key to this decrease is principal payment of 2006 bond issue debt of (\$505,000), principal payment of 2008 bond issue debt of (\$180,000), offset by amortized bond issuance premiums and discounts of a net of \$2,720, a decrease of (\$827,882) of accounts payable and accrued expenses, an increase of \$10,759 in compensated absences, and a net increase of \$229,167 related to a capital lease entered into to purchase trucks for the utility departments.

Overview of the Financial Statements

This discussion and analysis are 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 new sewer district encompasses unincorporated areas in Livingston Parish that the City currently 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 an Economic Development District under Louisiana Statute, the Denham Springs 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 certificates of deposit through its current fiscal agent, Capital One, N.A. Commencing December 14, 2009 the City shifted certificates of deposit balances into public funds interest bearing checking accounts through Capital One, N.A. This change was necessitated by the extremely low interest rates (around 0.45%) offered for reinvesting certificates of deposit proceeds. 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 0.39% for the fiscal year ended June 30, 2013.

During the fiscal year ended June 30, 2013 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, 2013.

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 49-94 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 \$26,787,818 at the close of the most recent fiscal year.

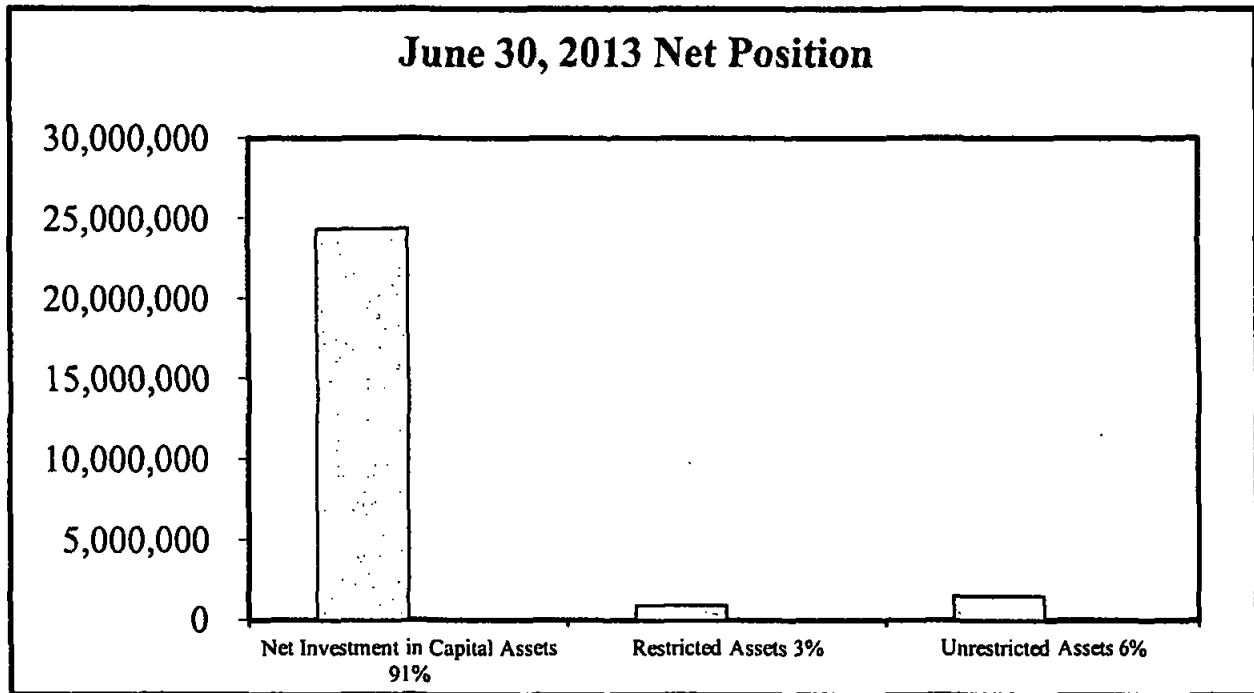
By far the largest portion of the City of Denham Springs's net position (91 percent) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment, less any related debt used to acquire those assets that is still outstanding). The City of Denham Springs uses these capital 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.

The following table reflects the Condensed Statement of Net Position for June 30, 2013 with comparative figures from 2012.

City of Denham Springs
Condensed Statement of Net Position
June 30, 2013 and 2012

	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Assets:						
Current and Other						
Assets	\$ 4,281,806	\$ 4,143,394	\$ 3,003,156	\$ 2,971,145	\$ 7,284,962	\$ 7,114,539
Restricted Assets	-	-	1,629,508	1,854,555	1,629,508	1,854,555
Capital Assets	<u>8,202,473</u>	<u>8,769,601</u>	<u>66,254,641</u>	<u>67,997,769</u>	<u>74,457,114</u>	<u>76,767,370</u>
Total Assets	<u>12,484,279</u>	<u>12,912,995</u>	<u>70,887,305</u>	<u>72,823,469</u>	<u>83,371,584</u>	<u>85,736,464</u>
Liabilities:						
Current Liabilities	764,396	980,004	2,423,129	3,174,494	3,187,525	4,154,498
Long-Term Liabilities	<u>739,814</u>	<u>728,454</u>	<u>52,656,427</u>	<u>53,180,738</u>	<u>53,396,241</u>	<u>53,909,192</u>
Total Liabilities	1,504,210	1,708,458	55,079,556	56,355,232	56,583,766	58,063,690
Net Assets:						
Net Investment in						
Capital Assets	8,151,415	8,471,515	16,210,790	16,891,492	24,362,205	25,363,007
Restricted	921,576	877,924	25	4,045	921,601	881,969
Unrestricted	<u>1,907,078</u>	<u>1,855,098</u>	<u>(403,066)</u>	<u>(427,300)</u>	<u>1,504,012</u>	<u>1,427,798</u>
Total Net Position:	<u>\$ 10,980,069</u>	<u>\$ 11,204,537</u>	<u>\$ 15,807,749</u>	<u>\$ 16,468,237</u>	<u>\$ 26,787,818</u>	<u>\$ 27,672,774</u>

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



Approximately 91% or \$24,362,205 of the City's net position at June 30, 2013, reflects the government's investment in capital assets (land, buildings, infrastructure, machinery and equipment) less any related debt to acquire those assets. The City uses these capital assets to provide services to the citizens of Denham Springs and, therefore, these assets are not available for future spending. An additional portion of the City of Denham Springs' net assets, 3 percent or \$921,601, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,504,012 or 6 percent are unrestricted net position and may be used to meet government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City of Denham Springs is able to report positive balances in all three categories of net position for the government as a whole and a positive balance for the governmental activities. Only two of the three categories for the business-type activities report a positive balance.

Restricted assets reported in connection with the City of Denham Springs' business-type activities decreased (\$225,047) compared to the prior fiscal year. The key factor in this net decrease is construction payments in the newly created Denham Springs Sewerage District No. 1 at June 30, 2013.

The City's net position decreased by (\$884,956) during the current fiscal year as compared to 2012's decrease of (\$986,903). Attributable to this is a decrease in net investments in capital assets of (\$1,000,802), offset by an increase in restricted net position of \$39,632, and an increase in unrestricted net position of \$76,214. Key to increase in unrestricted net position in governmental activities is investment in streets, drainage, sidewalks, parking, and parks. Key to increase in unrestricted net position in business-type activities is cash transfers from City of Denham Springs Utilities to Denham Springs Sewerage District No. 1 (DSSD #1) for debt service payments and operational cost. As of June 30, 2013 the DSSD #1 owes the City of Denham Springs Utilities \$2,362,146.

The condensed statement below provides a summary of the changes in net position for the year ended June 30, 2013, with comparative figures from 2012.

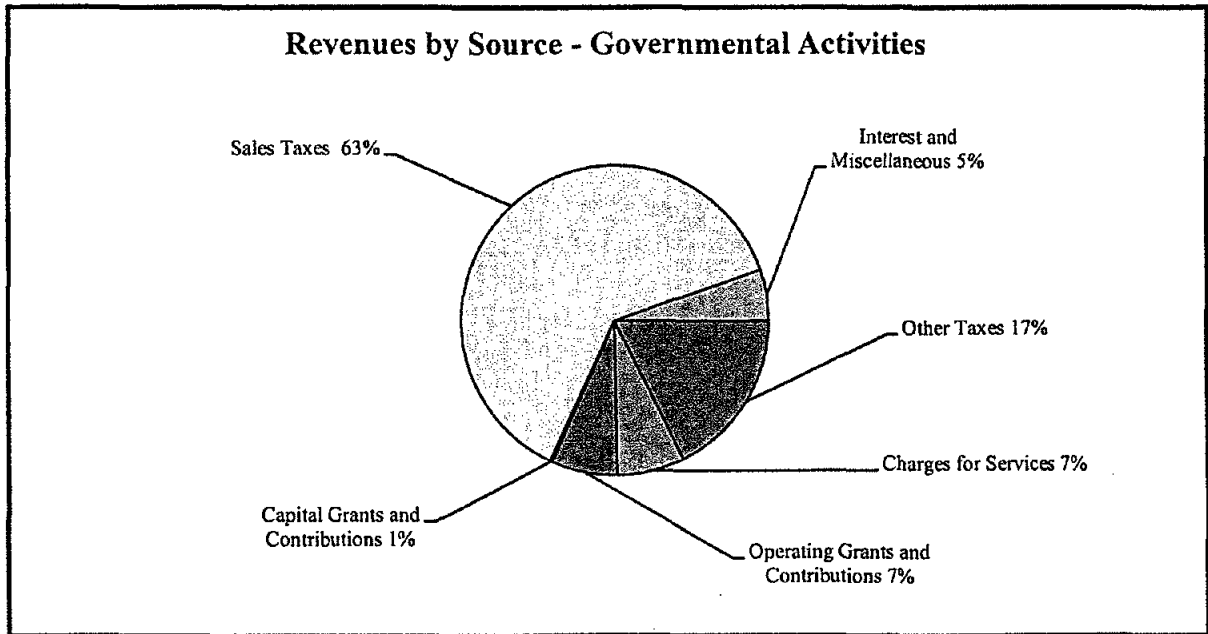
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for Services	\$ 777,523	\$ 676,764	\$ 11,016,575	\$ 10,232,359	\$ 11,794,098	\$ 10,909,123
Operating Grants and Contributions	765,552	518,005	75,253	30,750	840,805	548,755
Capital Grants and Contributions	29,762	563,364	147,779	281,339	177,541	844,703
General Revenues:						
Sales Taxes	6,904,506	6,627,015	-	-	6,904,506	6,627,015
Other Taxes	1,950,364	1,943,510	-	-	1,950,364	1,943,510
Miscellaneous	584,829	538,527	25,549	20,539	610,378	559,066
Other	3,705	5,804	9,011	11,332	12,716	17,136
Total Revenues	11,016,241	10,872,989	11,274,167	10,576,319	22,290,408	21,449,308
Expenses:						
General Government	2,095,813	2,076,944	-	-	2,095,813	2,076,944
Public Safety	6,947,554	6,930,110	-	-	6,947,554	6,930,110
Highways and Streets	1,995,902	1,927,226	-	-	1,995,902	1,927,226
Health	44,438	52,623	-	-	44,438	52,623
Culture and Recreation	147,513	134,582	-	-	147,513	134,582
Interest on Long-Term Debt	9,489	18,977	-	-	9,489	18,977
Gas	-	-	2,754,965	2,568,005	2,754,965	2,568,005
Water	-	-	2,446,504	2,417,291	2,446,504	2,417,291
Sewer	-	-	5,843,113	5,233,099	5,843,113	5,233,099
Sanitation	-	-	890,073	884,991	890,073	884,991
Total Expenses	11,240,709	11,140,462	11,934,655	11,103,386	23,175,364	22,243,848
Increase (Decrease) in Net Position Before Special Items	(224,468)	(267,473)	(660,488)	(527,067)	(884,956)	(794,540)
Special Item	-	-	-	(192,363)	-	(192,363)
Increase (Decrease) in Net Position	(224,468)	(267,473)	(660,488)	(719,430)	(884,956)	(986,903)
Net Position - Beginning of Year	11,204,537	11,472,010	16,468,237	17,187,667	27,672,774	28,659,677
Net Position - End of Year	\$ 10,980,069	\$ 11,204,537	\$ 15,807,749	\$ 16,468,237	\$ 26,787,818	\$ 27,672,774

Governmental activities. Governmental activities decreased the City of Denham Springs's net position by (\$224,468), thereby accounting for 25 percent of the total decrease in the net position of the City of Denham Springs. Key elements of this net decrease are documented below.

Total revenues from Governmental activities increased by \$143,252 over the prior year caused mainly by the following:

- Ad Valorem Taxes commonly referred to as property taxes increased \$8,437 or 4.0%. Key to this increase is valuation of taxpayer property within the City.
- Sales taxes increased by 4.2% or \$277,491 during the fiscal year. Compared to the prior fiscal year this increase is attributable to a 0.74% or \$45,322 increase in sales tax collected other than Bass Pro Development, an increase of 80.8% or \$178,737 in retail sales tax collected from the Bass Pro Development, an increase of 15.8% or \$48,243 in sales tax collected from vehicle sales and decreases in amounts refunded through audits of 76.0% or \$5,189.

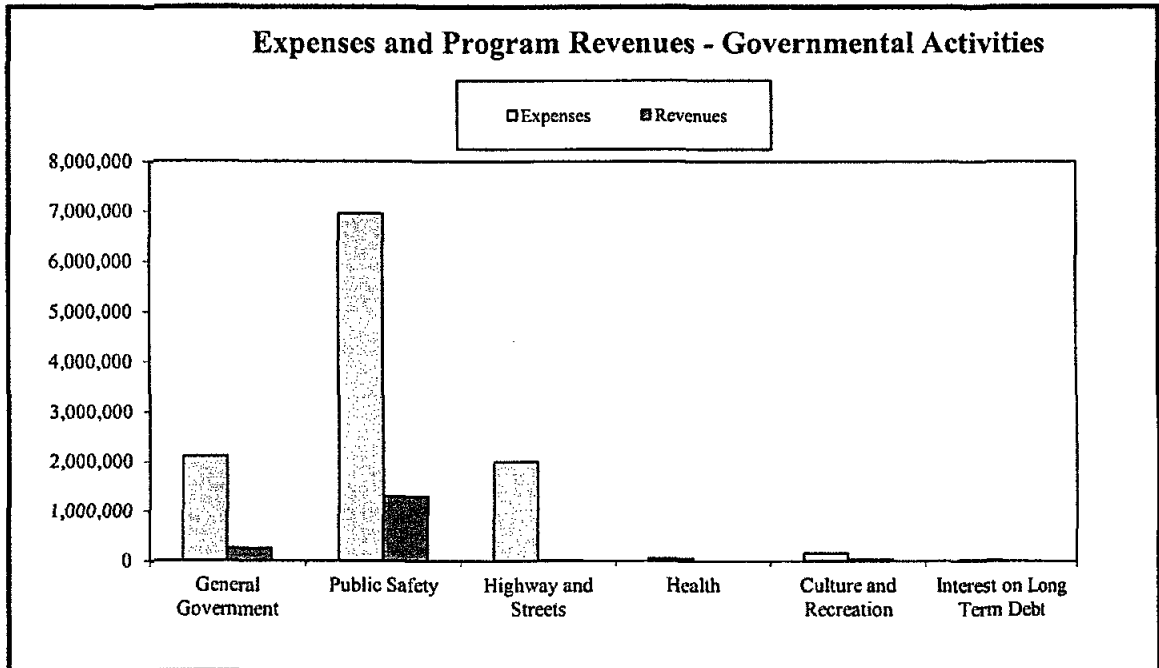
- License and Permit Fees increased \$24,792. Key to this increase are increases in collection of occupational license taxes of \$12,756 and collection of insurance license taxes of \$27,772, offset by a decrease in Other Permits and Licenses of (\$15,736).
- Franchise fees decreased by (\$26,375). Compared to the prior fiscal year Entergy Corporation remitted decreased electrical franchise fees of (\$30,628), DEMCO remitted decreased electrical franchise fees of (\$918), Cox Communications remitted decreased cable television franchise fees (\$4,083), offset by AT&T UVERSE remitting increased cable television franchise fees of \$9,184, and an increase in wrecker franchise fees of \$70. Attributable to Energy and DEMCO franchise fees decrease is very low fuel cost, mild winter and moderate summer. Cable Television franchise fees decrease for Cox Communication is summed up in one word "competition". The Louisiana Legislature opened the franchise areas to competition from AT&T.
- Charges for services increased by \$100,759 during the fiscal year. This is largely attributable to an increase in fines collected of \$100,512.
- Operating grants and contributions increased \$247,547 during the fiscal year. This net increase is mainly attributable to funds received from FEMA for assistance related to Hurricane Isaac of \$209,193, an increase in On-Behalf payments of \$3,166 from the State of Louisiana for police and fire supplemental pay, an increase of \$25,066 in public safety grants, and a net increase in other operating grants of \$10,122.
- Capital Grants and Contributions decreased by (\$533,602). This mainly attributable to a federal highway grant through the Louisiana Department of Transportation and Development (DOTD) for the overlay of Tate Road in the prior fiscal year. The federal grant funds received for the Tate Road Project in the prior year was \$332,611. The City received a total of \$92,216 in grants for the Willow Wood Park and walking trail project. Also contributing to the decrease was a contribution received in the prior fiscal year from the Denham Springs Housing Authority in the amount of \$74,165 for completion of the Antique District parking lot.
- Interest income decreased during the current fiscal year by (\$2,099). This decrease was mainly caused by the Federal Open Market Committee continuing to maintain interest rates at 0.0% to 0.25%. This committee sets the Federal Reserve policy for the overnight bank lending rate, which raises the rate earned on invested funds. Of further note is a shift of investment dollars to public funds interest bearing checking accounts. The interest rate as of June 30, 2013 averaged 0.39% for public funds interest bearing checking accounts.
- Miscellaneous Income increased by \$46,302. This net increase in revenue resulted primarily from a \$59,754 increase in the insurance premium rebate received from Louisiana Workers Compensation Corporation, a reduction in charitable gaming tax of (\$46,374), an increase in royalty income of \$12,179, and a net increase in other miscellaneous income of \$20,743.



Total expenses from Governmental Activities increased by \$100,247 due to the following reasons:

- Total salaries charged to governmental activities decreased from \$5,406,691 to \$5,402,672 for a net decrease of (\$4,019) or 0.07%. This net decrease in salaries resulted from employee vacancies going unfilled or temporarily unfilled.
- Related payroll taxes and employee benefits charged to governmental activities increased from \$1,886,064 to \$1,966,734 for a net increase of \$80,670 or 4.3%. Key to this increase is the rising cost of employer contribution to employee fire and police retirement systems.
- General Government, other than salaries and benefits, increased \$40,370. General Provisions increased \$16,937 attributable to various expenses, Cemetery department decreased (\$3,181) mainly due to a decrease in the annual service contract, Tax department increased \$926 mainly due to sales tax collection fees, Ward Court increased \$7,107 mainly due to increase in payments to component units, Planning and Zoning department increased \$9,864 attributable to various expenses, Landscape department increased \$5,213 due to increased contractor payments.
- Public Safety activities other than salaries and benefits decreased (\$104,471). Attributable to this decrease is an increase in Animal Control expenses of \$2,449, Fire department expenses increased \$55,193, Police department expenses decreased (\$33,118), mostly related to police cruisers purchased last fiscal year, and public safety depreciation expense decreased by (\$102,974).
- Highways and Streets activities increased \$133,217. The increase is mainly due to contract service cost increase related to Hurricane Isaac debris removal.
- Health activities decreased (\$8,185). Council on Aging expenses decreased (\$3,588), a decrease of (\$3,078) funding garbage collection at the Denham Springs Housing Authority units located at Eugene Street, a decrease of (\$3,904) due to pest control expense for mosquito spraying after Hurricane Isaac in the prior fiscal year; this program is handled by the parish government mosquito program funded by a \$30 yearly assessment on City of Denham Springs residents. These were offset by an increase of \$2,385 for Youth and Family Counseling building maintenance expenses. The Council on Aging program and the Youth and Family Counseling program operate from City owned buildings in accordance with executed cooperative endeavor agreements.

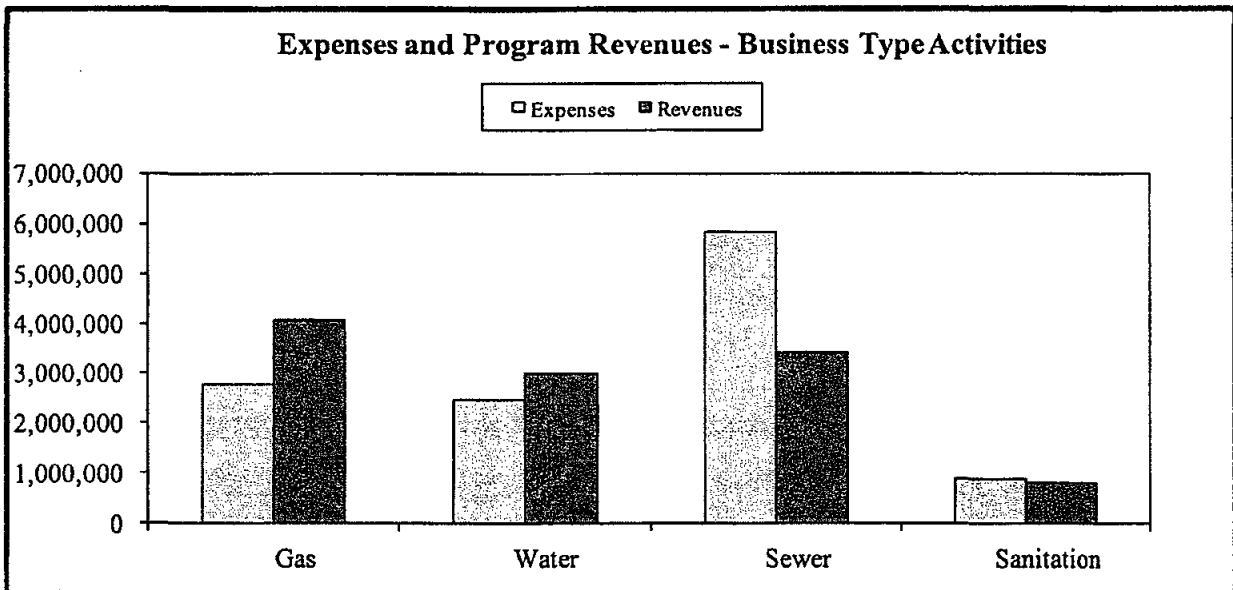
- Culture and Recreation activities other than salaries and benefits increased \$12,200. This net increase is mainly attributable various expenses.
- Interest on Long-Term Debt decreased (\$9,488) as the City pays down the original debt amount of \$979,291 for financing a fire aerial truck and a fire pumper truck. See notes to financial statements for additional detail on this long-term debt.



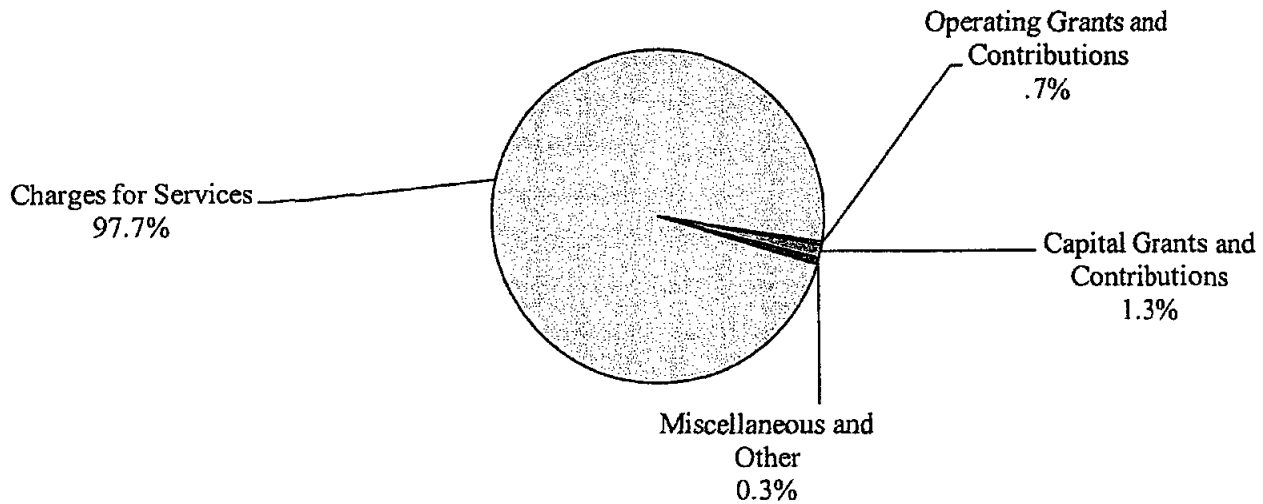
Business-type activities. Business-type activities decreased the City of Denham Springs's net position by (\$660,488) accounting for 75 percent of the total decrease in the government's net position. Key elements to this net decrease are documented below.

- Overall charges for services for business-type activities increased \$784,216 compared to prior fiscal year. Gas charges for services increased \$511,800, water charges for services increased \$63,663, sewer charges for services increased \$221,123 and sanitation charges for services decreased (\$12,370). Key to increase in Gas charges is an increase in fuel cost billed. Note that fuel cost billed varies from year to year based on price and volume purchased.
- Business-type activities expenses increased \$831,269.
 - Gas Department expenses increased \$186,960 compared to prior fiscal year. This increase was attributable to increases in direct expenses of \$188,498 and nonoperating expenses of \$888, offset by a decrease in general and administrative expenses of (\$2,426). The increase in direct expenses is mainly due to an increase in the natural gas fuel cost purchase price of \$187,194.
 - Water Department expenses increased \$29,213 compared to prior fiscal year. This is attributable to an increase in direct expenses of \$14,968, and decreases of (\$21,539) and (\$6,635) in general and administrative expenses and nonoperating expenses, respectively, combined with a loss on disposal of assets of \$42,419. This loss on disposal is due to the write off of design work on a new building that was planned for public works departments. There are currently no excess funds available for construction.

- Sewer Department expenses increased \$610,014 compared to prior fiscal year. The City of Denham Springs sewer operations saw decreases of (\$41,083) in direct expenses, (\$15,342) in general and administrative expenses and (\$16,364) in nonoperating expenses. These were offset by a loss on disposal of assets of \$42,418 for the write off of the design of an anticipated new public works building. The Denham Springs Sewerage District No. 1 saw increases in direct expenses of \$267,393, general and administrative expenses of \$1,404 and nonoperating expenses of \$371,588. Significant to the Denham Springs Sewerage District No. 1 increase in direct expenses is depreciation expense increase of \$142,447. The nonoperating expense increase is due to an increase in interest expense.
- Sanitation Department expenses increased \$5,082 compared to prior fiscal year. This is attributable to an increase of \$5,350 in general and administrative expenses offset by a decrease of (\$268) in direct expenses.
- Business-type program revenues – operating grants and contributions increased \$44,503 largely related to FEMA reimbursement for Hurricane Isaac related expenses.
- Business-type program revenues – capital grants and contributions decreased (\$133,560). This is attributable to prior year servitude valuations for the new Denham Springs Sewerage District No. 1.
- Business-type activities miscellaneous income increased \$5,010, and interest income decreased by (\$2,321).
- Business-type activities special item – Decrease of (\$192,363). During the 2011 fiscal year, the City purchased the sewer assets of MO-DAD, INC. and TESI. During the previous fiscal year as the City gravity sewer lines were placed on-line the mechanical sewer treatment plants purchased from MO-DAD, INC. and TESI were placed off-line. This caused the previous mechanical sewer treatment facilities to be obsolete and no longer being used. This resulted in a write-down in the value of these assets of (\$192,363) as a special item during the 2012 fiscal year.



Revenues by Source - Business Type Activities



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 \$3,439,035, an increase of \$132,706 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 63% of this total amount, \$2,178,728, constitutes unassigned fund balance, which is available for spending at the government's discretion. Nonspendable fund balance is \$920,425 or 27%. 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 \$113,248 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 \$226,634 or 7%. 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

arrangements. Assigned to Capital Projects ended the fiscal year with a fund balance of \$226,634 or 7%. 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 \$2,290,825. General fund balance has two classifications in accordance with GASB #54. Nonspendable - prepaid insurance fund balance of \$112,097 or 5%, and Unassigned fund balance of \$2,178,728 or 95%. 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 20 percent of total general fund expenditures. Total fund balance represents 21 percent of total general fund expenditures.

During the current fiscal year, the fund balance of the City of Denham Springs' general fund increased by \$10,876, as compared to the prior fiscal year net change in fund balance of (\$462,674). Key factors in this increase are as follows:

- General fund revenue resulted in a net increase of \$652,031 compared to the prior fiscal year. Key factors to this net increase are:
 - Increase in net tax revenues of \$215,520. This increase is attributable to an increase in ad valorem taxes of \$8,437, alcoholic beverage tax increase of \$1,381, an increase of \$5,101 in cable TV franchise taxes, an increase of \$277,491 in sales taxes, a chain store tax increase of \$960, and an increase in wrecker franchise taxes of \$70. These increases are offset by a decrease of (\$46,374) in charitable gaming taxes, and a decrease of (\$31,546) in electrical franchise taxes.
 - Increase in licenses and permits of \$24,792.
 - Increase in fines and forfeits of \$100,512 compared to prior fiscal year amount.
 - Decrease in interest income of (\$1,105).
 - Decrease in fees of (\$1,147). This decrease was attributable to a decrease in animal adoption fees.
 - Increase in intergovernmental revenue of \$215,081.
 - Increase in miscellaneous revenue of \$98,378.
- These revenues have been detailed in the governmental activities section above – pages 11-12. 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 \$53,612 compared to the prior fiscal year. Key factors in this net increase are:
 - General government expenditures decreased by (\$12,018). This decrease was comprised of a decrease in salaries of (\$15,828) or 2.07% , a decrease in benefits of (\$1,114) or 0.55%, a decrease in building improvements of (\$36,286) due in part to replacement of air conditioner mechanical air handlers through an energy efficiency and conservation block grant in the prior year, an equipment purchase decrease (\$3,316), an increase in legal and professional fees of \$23,267, and a net increase of \$21,259 for all the other expenses.

- Public Safety expenditures decreased (\$8,634). Making up the expenditures decrease was an increase in salaries of \$59,024 or 1.56%, an increase in benefits of \$104,532 or 7.29%, due largely to increases in the employer retirement contribution rate, a decrease in equipment purchases of (\$187,367) related largely to police cruisers purchased the previous fiscal year and all other expenses netted an increase of \$15,177 or 1.30%. The all other expense increase is comprised of an increase in animal control other expenses of \$9,909 mainly for animal care expense, an increase in fire department all other expenses of \$54,583, and a decrease in the police department all other expenses of (\$49,315).
- Highways and Street expenditures increased \$10,438. Of note is a decrease in salaries of (\$54,193) or 7.03%, a decrease in benefits of (\$22,229) or 9.36%, equipment purchases increased \$18,599, street maintenance and materials decreased (\$7,995), contract services increased \$89,663 related to cleanup from Hurricane Isaac, and all other expenses netted a decrease of (\$13,407).
- Health activities decreased (\$8,185). Council on Aging expenditures decreased (\$3,588) due to reduced building maintenance costs, Denham Springs Housing Authority expenditures decreased (\$3,078) due to garbage collection services being transferred from the city, and pest control costs were down (\$3,904) for purchase of mosquito chemical in the prior fiscal year following Hurricane Isaac. The decreases were offset by Youth and Family Counseling expense increase of \$2,385 due to increased building maintenance costs. The Council on Aging program and Youth and Family Counseling program operate from City owned buildings in accordance with executed cooperative endeavor agreements.
- Culture and Recreation activities increased \$55,227. Of note is an increase in salary and wages paid of \$1,478 and a decrease in benefits of (\$1,420) for the employees staffing the old city hall building, an increase in repairs and maintenance of \$12,744, and an increase in park costs of \$46,102 for land purchased in the historic district and subsequent cleanup of the property and a (\$3,677) decrease of all other expenses.
- Debt Service increased \$16,784. Payment of principal increased \$26,814 and payment of interest decreased (\$10,030). These changes are attributable to the City paying off debt financing a fire aerial truck and a fire pumper truck. Payment terms require five annual payments, with the fifth payment timely remitted on March 21, 2013.
- Operating Transfer in and out resulted in a net increase out to the capital projects fund of \$25,369 to fund various state highway widening/enhancement projects.
- Proceeds from the Issuance of Debt decreased (\$99,500) for lease/purchase of five police cruisers in the prior fiscal year.
- 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. The City of Denham Springs has no obligation in connection with employee benefits offered through these plans beyond its annual contractual payment to these State Pension Boards.
- 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 municipal employees rate stayed the same while Police and Fire rates increased as follows:

	<u>Prior Employer Rate</u>	<u>Current Employer Rate</u>	<u>Rate Increase</u>
Municipal Employees Retirement System of Louisiana	8.00%	8.00%	0.00%
Municipal Police Employees Retirement System of Louisiana	26.50%	31.00%	4.50%
Firefighters Retirement System of Louisiana	23.25%	24.00%	0.75%

Overall retirement cost increased \$120,136 for the fiscal year ended June 30, 2013. The net increases break down as follows:

	<u>FY 11-12</u>	<u>FY 12-13</u>	<u>Increase (Decrease)</u>
Municipal Employees Retirement System of Louisiana	\$ 249,729	\$ 267,216	\$ 17,487
Municipal Police Employees Retirement System of Louisiana	469,678	566,212	96,534
Firefighters Retirement System Of Louisiana	<u>290,737</u>	<u>296,852</u>	<u>6,115</u>
Total	<u><u>\$1,010,144</u></u>	<u><u>\$1,130,280</u></u>	<u><u>\$ 120,136</u></u>

- Equipment purchases in the general fund decreased by (\$172,084) when compared to the prior fiscal year. Current fiscal year equipment purchases include (3) laptop computers, (4) desktop computers, equipment for 5 police units, an enclosed trailer to transport police motorcycles, (2) mowers, security cameras at the Street department, Firehouse software for the fire department and a chain link fence at the animal control facility. Total equipment purchases for the fiscal year were \$44,780 compared to prior fiscal year purchases of \$216,864.

The Capital Projects fund transferred-in from the general fund \$260,682 to fund design work for the Cockerham Road enhancement project, design work for the River Road overlay project, design work for the US 190 & 4-H Club Road turn lane project, design work for the Maple Street overlay project, design work for the Julia Street overlay project and design work for the Carey Street drainage project. The Capital Projects fund as of the end of the fiscal year has an Assigned fund balance of \$226,326, compared to prior fiscal year Assigned fund balance of \$148,146.

The 1994 Paving Certificates (Lakeland Acres Subdivision) debt service fund has a total restricted fund balance of \$3,269, compared to a prior year restricted fund balance of \$3,268. The increase is interest earned of \$1.

The Permanent Fund has a total nonspendable – permanent fund principal fund balance of \$808,328, compared to the prior year nonspendable – permanent fund principal balance of \$775,852. 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.

The Special revenue fund – witness fee fund has a restricted fund balance of \$109,979, compared to a prior year restricted fund balance of \$98,804. This fund is used to account for the cost of court appearance 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.

Charges for services increased \$483,218. Attributable to this net increase are increases in charges for water services of \$63,663 and charges for gas services of \$511,800, offset by decreases in charges for sanitation services of (\$12,370) and sewer services of (\$79,875). Gas charges for services were up over the prior year because of increased fuel costs billed to customers. Fuel costs billed varies from year to year based on price and volume purchased.

Operating expenses increased \$128,158. This net increase is attributable to an increase in direct expenses of \$162,115, offset by a decrease in general and administrative expenses of (\$33,957). Related to the direct expense increase was an increase in the cost of natural gas of \$187,493 from the prior year.

Unrestricted net position of the enterprise fund at the end of the year amounted to \$1,819,285. Key to this increase is charges for services. 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 at the end of the year amounted to a deficit of (\$2,222,351), compared to unrestricted net position for the prior fiscal year of a deficit of (\$840,895). Restricted for debt service is \$25. Net investment in capital assets is \$2,699,500. Sewer operations generated a net (loss) of (\$1,186,775). As of June 30, 2013 the DSSD #1 was billing 2,089 customers and the average bill was \$30.34 per month per customer. The Denham Springs Sewerage District No.1 owed the City of Denham Springs Utility Fund a net balance of \$2,227,163 as of June 30, 2013. The net amount due is mostly cash transfers in support of DSSD #1 debt sinking payments and operational cost. 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 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 \$507,155 over the original budget. Key to this decrease is:

- Tax revenue increased \$1,570.
- License and permit revenue decreased (\$8,000).
- Fines and forfeits revenue increased \$37,727.

- Intergovernmental revenue increased \$341,767. This was mostly due to the FEMA assistance received for Hurricane Isaac expenses and cleanup.
- Miscellaneous revenue increased \$134,091.

Expenditures:

Total budgeted expenditure appropriations were increased by \$547,777.

- General Provisions expenditures increased \$13,998.
- Planning and Zoning expenditures decreased (\$1,638).
- Business License and Permits expenditures increased \$2,815.
- Ward II Court expenditures increased \$878.
- Overall General Government expenditures increased \$16,053.
- Animal Control expenditures increased \$42,173. This increase was due to increased animal care expenses.
- Fire Department expenditures increased \$8,398.
- Police Department expenditures increased \$83,531. Increases in equipment expense and salaries are the main factors contributing to the increase.
- Overall Public Safety increased \$134,102.
- Highways and Streets -- Street Department expenditures increased \$305,227. This increase mostly resulted from costs incurred during Hurricane Isaac.
- Health expenditures increased \$2,308.
- Culture and Recreation expenditures increased \$72,468. Significant to this increase is the purchase of a parcel of land near the downtown historic district and the subsequent cleanup of the property. Additionally there were increased maintenance expenses at Kidz Korner playground.

Debt Service:

Total budgeted appropriations were increased \$17,619.

Other Financing (Uses):

The budget was increased for operating transfers out to Capital Projects Fund of \$260,682 for general fund infrastructure improvements.

Capital Asset and Debt Administration

Capital assets. The City of Denham Springs' investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to \$74,457,114 (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. The total decrease in the City of Denham Springs' investment in capital assets for the current fiscal year was 3.0% (a 6.5% percent decrease for governmental activities and a 2.6% percent decrease for business-type activities).

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

- Land includes a parcel of land in the antique village purchased for \$40,000. Cleanup and upgrades have been made to this property in the amount of \$6,102.
- The construction in progress balance as of June 30, 2013 is \$28,543. The projects making up this balance are a Carey Street drainage project and the overlay of Maple Street and Julia Street.

- Municipal building exterior renovations were completed at a cost of \$25,419 and a new fence for animal control for \$7,090.
- Infrastructure cost of \$17,810 completed during the fiscal year of which \$3,828 was current year additions. This project was the completion of the Willow Wood parking lot.
- Equipment purchases in the governmental funds totaling \$37,690 have already been detailed on page 19. In addition, a vehicle was purchased for the Motor Pool – Internal Service fund reported as a governmental activity at a total cost of \$28,578.

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

- Construction in progress balance as of June 30, 2013 is \$156,940.
 - Construction in progress of \$79,624 is gas relocation for the Cockerham Road drainage/enhancement project.
 - Construction in progress of \$3,642 for gas line relocation for the Centerville Road overlay.
 - Construction in progress of \$31,500 for water line replacement on S College Drive.
 - Construction in progress of \$21,600 for water line replacement on Rushing Road.
 - Construction in progress of \$20,574 paid from sewer impact fee monies. Construction in progress as of June 30, 2013 is \$17,686 for sewer lift station pump upgrade and \$2,888 for sewer lift station renovations.

- The following is a list of completed projects placed in service during the current fiscal year:

○ Gas Projects	
▪ Gas Line Expansions	\$ <u>43,635</u>
Total Gas Systems Additions	\$ <u>43,635</u>
○ Water Projects	
▪ Water Line Expansion along 4-H Club Road.	\$ 25,847
▪ Water Line Expansion to business along Rushing Rd	8,264
▪ Water Line Other Expansions	<u>25,080</u>
Total Water Systems Additions	\$ <u>59,191</u>
○ Sewer Projects	
▪ Denham Springs Sewer District No. 1 System Additions.	\$ <u>92,771</u>
Total Gas Systems Additions	\$ <u>92,771</u>

- Equipment totaling \$261,009 was placed in service during the current fiscal year. This was comprised of 13 new vehicles totaling \$255,955, computers and related equipment of \$3,832, and service equipment of \$1,222.
- Accumulated cost capitalized on a new building design for the Utility System was written off in the amount of \$84,837 since management determined the project was no longer necessary. There was \$76,015 in fully depreciated business-type equipment asset disposals in the year ending June 30, 2013. The amount of disposed equipment recognized by department is as follows:

○ Gas department disposed of assets classified as equipment totaling	\$ 49,854
○ Sewer department disposed of assets classified as equipment totaling	<u>26,161</u>

Total Business-Type Activities
Capital Assets Disposed \$ 76,015

City of Denham Springs
Capital Assets
(Net of Accumulated Depreciation)
June 30, 2013 and 2012

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land and Right-of-Ways	\$ 1,270,876	\$ 1,224,774	\$ 4,285,342	\$ 4,285,342	\$ 5,556,218	\$ 5,510,116
Buildings and Improvements	2,355,127	2,452,520	334,048	346,100	2,689,175	2,798,620
Gas System	-	-	1,780,421	1,853,775	1,780,421	1,853,775
Water System	-	-	10,307,901	10,732,209	10,307,901	10,732,209
Sewer System	-	-	48,709,975	50,077,893	48,709,975	50,077,893
Machinery and Equipment	1,679,393	2,001,926	680,014	592,389	2,359,407	2,594,315
Infrastructure	2,868,534	3,064,514	-	-	2,868,534	3,064,514
Construction in Progress	28,543	25,867	156,940	110,061	185,483	135,928
Total	\$ 8,202,473	\$ 8,769,601	\$ 66,254,641	\$ 67,997,769	\$ 74,457,114	\$ 76,767,370

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

Long-term debt. At the end of the current fiscal year, the City of Denham Springs had total debt outstanding of \$53,329,783. Of this amount, \$301,442 comprises debt backed by the full faith and credit of the City. The remainder of the debt \$53,028,341 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, 2013.

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Obligations Under						
Capital Leases	\$ 72,275	\$ 298,086	\$ 229,167	\$ -	\$ 301,442	\$ 298,086
Revenue Bonds	-	-	53,028,341	53,716,061	53,028,341	53,716,061
Total	\$ 72,275	\$ 298,086	\$ 53,257,508	\$ 53,716,061	\$ 53,329,783	\$ 54,014,147

During the current fiscal year, the City of Denham Springs' total debt decreased by (\$684,364) which included an increase of \$276,483 in new capital leases and the repayment of principal totaling \$960,847 net of premium/discount amortization. The City entered into a capital lease agreement to purchase six vehicles for \$276,483. Total capital lease principal payments totaled \$273,127 of which \$214,435 was to pay off two aerial fire trucks financed in 2008, \$32,593 was the annual payment on five police cruisers financed in 2011, and \$26,099 was repaid on the six vehicles financed during the current year. The 2006 and 2008 Utility Fund Revenue Bonds were decreased by a net of \$687,720 which included \$685,000 principal payments and amortization of premium and discounts of \$2,720 net.

On November 1, 2009 the City of Denham Springs on behalf of the Denham Springs Sewerage District No. 1 issued a 2009 utility revenue bond for \$23,750,000. The proceeds from this issuance are for the construction of a sewer collection system within the Denham Springs Sewerage District No. 1. New sewer customer hookups within this newly created sewer district will pay for this infrastructure. Only 2009 bond interest payments were remitted during fiscal year ended June 30, 2013.

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 2013 unemployment rate for the City of Denham Springs was 6.9 percent, which is a decrease from a revised rate of 8.2 percent a year ago. This compares favorably to the state's revised average unemployment rate of 7.8 percent and compares favorably to the revised national average rate of 7.6 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 2013 fiscal year. Current fiscal year end June 30, 2013 unassigned fund balance in the general fund is \$2,178,728. The City adopted a 2014 fiscal year general fund budget setting anticipated revenue of \$10,502,536 and anticipated appropriation expenditures of \$10,358,021 thereby anticipating a net surplus of \$144,515.

Budgeted general fund revenues anticipate a net decrease of (\$507,155) compared to the FYE 2013 amended adopted budget.

- Tax revenues do not anticipate a change.
- Licenses and Permits anticipate an \$8,000 increase.
- Fines and Forfeits revenue anticipate a decrease of (\$7,372).
- Interest income does not anticipate a change.
- Fee revenues does not anticipate a change.
- Intergovernmental revenue anticipates a decrease of (\$365,153) mainly due to FEMA funds received during 2013 for Hurricane Isaac that are not anticipated in 2014 and an expiring grant that paid a portion of police officers salary.
- Miscellaneous revenue is anticipating a decrease of (\$142,630) due to conservative budget for insurance dividends – Louisiana Workers Compensation Corporation (LWCC).

Budgeted general fund expenditures anticipate a net decrease of (\$928,179) compared to the FYE 2013 amended adopted budget.

- General Provisions expenditures anticipate an increase of \$7,686.
- Cemetery expenditures do not anticipate a change.
- Landscape expenditures do not anticipate a change.
- Planning and Zoning expenditures anticipate an increase of \$6,564.
- Business License and Permits expenditures anticipate a decrease of (\$703).
- Ward II Court expenditures anticipate an increase of \$1,514.
- Overall General Government expenditures anticipate a net increase of \$15,061.
- Animal Control expenditures anticipate a decrease of (\$37,927) mainly related to decreases in animal care expenses.
- Fire Department expenditures anticipate a decrease of (\$23,089).
- Police Department expenditures anticipate a decrease of (\$43,437).
- Overall Public Safety expenditures anticipate a net decrease of (\$104,453).
- Highways and Streets – Street Department expenditures anticipate a net decrease of (\$286,843). This is mainly due to the expenses related to Hurricane Isaac during the 2013 fiscal year.
- Health Expenditures anticipate a net decrease of (\$1,159).
- Culture and Recreation expenditures anticipate a net decrease of (\$65,103). This is mostly related to the new property purchased in the Antique District during the most recent fiscal year.
- Debt Services expenditures anticipate a net decrease of (\$225,000). This is due to the payoff of the capital lease used to acquire the new fire trucks in 2008.
- Other Financing (Uses) anticipate a decrease of (\$260,682) transfer out to capital projects fund supporting various general fund road infrastructure projects and culture and recreation projects.

Capital project fund – anticipated is a net increase in capital project funding from state and federal highway appropriations of \$255,113, compared to the FYE 2013 amended adopted budget. The adopted budget FYE June 30, 2014 anticipates \$320,000 for the River Road overlay project. This is a city street funded by a grant and city match. As of the fiscal year ended June 30, 2013 assigned fund balance in the Capital Projects Fund is \$226,634.

Special revenue fund – witness fees for the 2013 fiscal year anticipate a decrease of (\$7,578) compared to FYE 2013 amended adopted budget, and appropriations budget is anticipated to decrease (\$4,650) compared to the FYE 2013 amended adopted budget. This fund is self-supported through payment of ticket fines collected by the Ward II Court. As of the fiscal year ended June 30, 2013 restricted for witness fees fund balance is \$109,979.

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
JUNE 30, 2013

	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
ASSETS						
Cash and Cash Equivalents	\$ 1,820,226	\$ 23,805	\$ 1,844,031	\$ 214,777	\$ 72,592	\$ 554
Investments	-	-	-	250,696	-	-
Receivables, Net	200,874	1,088,980	1,289,854	375	-	2,107
Due from Other Governments	1,131,807	44,385	1,176,192	-	-	-
Due from Component Unit	24,122	-	24,122	-	-	-
Internal Balances	954,312	(954,312)	-	-	-	-
Inventories	38,368	318,884	357,252	-	-	-
Prepaid Items	112,097	4,499	116,596	-	-	-
Restricted Assets:						
Cash	-	1,629,508	1,629,508	-	-	3,864,643
Receivable	-	-	-	-	-	611
Due from Other Governments	-	-	-	-	-	1,041,708
Deferred Bond Issuance Costs	-	2,476,915	2,476,915	-	-	418,248
Capital Assets:						
Land and Construction in Progress	1,299,419	4,442,282	5,741,701	-	-	7,303,750
Other Capital Assets, Net of Depreciation	6,903,054	61,812,359	68,715,413	22,078	132,094	29,108,521
Total Assets	<u>\$ 12,484,279</u>	<u>\$ 70,887,305</u>	<u>\$ 83,371,584</u>	<u>\$ 487,926</u>	<u>\$ 204,686</u>	<u>\$ 41,740,142</u>
LIABILITIES						
Accounts Payable and Accrued Expenses	\$ 490,882	\$ 1,608,092	\$ 2,098,974	\$ 777	\$ 41,940	\$ 284,801
Due to Primary Government	-	-	-	-	24,122	-
Non-Current Liabilities:						
Due Within One Year	273,514	815,037	1,088,551	8,371	16,307	2,760,000
Due in More Than One Year	739,814	52,656,427	53,396,241	-	28,884	38,831,236
Total Liabilities	<u>1,504,210</u>	<u>55,079,556</u>	<u>56,583,766</u>	<u>9,148</u>	<u>111,253</u>	<u>41,876,037</u>
NET POSITION						
Net Investment in Capital Assets	8,151,415	16,210,790	24,362,205	22,078	86,903	961,155
Restricted for:						
Cemetery Care:						
Nonexpendable	808,328	-	808,328	-	-	-
Civil Fees	-	-	-	97,990	-	-
Debt Service	-	25	25	-	-	-
Witness Fees	109,979	-	109,979	-	-	-
Other	3,269	-	3,269	-	-	-
Unrestricted (Deficit)	<u>1,907,078</u>	<u>(403,066)</u>	<u>1,504,012</u>	<u>358,710</u>	<u>6,530</u>	<u>(1,097,050)</u>
Total Net Position	<u>10,980,069</u>	<u>15,807,749</u>	<u>26,787,818</u>	<u>478,778</u>	<u>93,433</u>	<u>(135,895)</u>
Total Liabilities and Net Position	<u>\$ 12,484,279</u>	<u>\$ 70,887,305</u>	<u>\$ 83,371,584</u>	<u>\$ 487,926</u>	<u>\$ 204,686</u>	<u>\$ 41,740,142</u>

The accompanying notes constitute an integral part of this statement.

CITY OF DENHAM SPRINGS
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 2,095,813	\$ -	\$ 214,629	\$ 22,388
Public Safety	6,947,554	764,673	532,912	-
Highways and Streets	1,995,902	12,850	-	-
Health	44,438	-	-	-
Culture and Recreation	147,513	-	18,011	7,374
Interest on Long-Term Debt	9,489	-	-	-
Total Governmental Activities	11,240,709	777,523	765,552	29,762
Business-Type Activities:				
Gas	2,754,965	4,072,157	4,608	-
Water	2,446,504	2,943,436	38,337	-
Sewer	5,843,113	3,221,524	32,308	147,779
Sanitation	890,073	779,458	-	-
Total Business-Type Activities	11,934,655	11,016,575	75,253	147,779
Total Primary Government	\$ 23,175,364	\$ 11,794,098	\$ 840,805	\$ 177,541
Component Units:				
City Court of Denham Springs - Ward II	\$ 568,780	\$ 491,882	\$ 28,013	\$ -
Marshal of City Court of Denham Springs - Ward II	730,468	378,134	138,743	-
Denham Springs Economic Development District	2,614,105	35,049	-	-
Total Component Units	\$ 3,913,353	\$ 905,065	\$ 166,756	\$ -
General Revenues:				
Taxes:				
Property				
Sales				
Occupational and Permits				
Franchise				
Miscellaneous				
Interest Income				
Net Gain (Loss) on Sale of 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 constitute 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
\$ (1,858,796)	\$ -	\$ (1,858,796)	\$ -	\$ -	\$ -
(5,649,969)	-	(5,649,969)	-	-	-
(1,983,052)	-	(1,983,052)	-	-	-
(44,438)	-	(44,438)	-	-	-
(122,128)	-	(122,128)	-	-	-
(9,489)	-	(9,489)	-	-	-
(9,667,872)	-	(9,667,872)	-	-	-
-	1,321,800	1,321,800	-	-	-
-	535,269	535,269	-	-	-
-	(2,441,502)	(2,441,502)	-	-	-
-	(110,615)	(110,615)	-	-	-
-	(695,048)	(695,048)	-	-	-
(9,667,872)	(695,048)	(10,362,920)	-	-	-
-	-	-	(48,885)	-	-
-	-	-	-	(213,591)	-
-	-	-	-	-	(2,579,056)
-	-	-	(48,885)	(213,591)	(2,579,056)
218,788	-	218,788	-	-	-
6,904,506	-	6,904,506	-	-	5,374,184
1,021,659	-	1,021,659	-	-	-
709,917	-	709,917	-	-	-
584,829	25,549	610,378	8,993	13,989	-
3,705	9,011	12,716	4,211	123	351
-	-	-	-	16,400	-
-	-	-	46,860	220,814	-
9,443,404	34,560	9,477,964	60,064	251,326	5,374,535
(224,468)	(660,488)	(884,956)	11,179	37,735	2,795,479
11,204,537	16,468,237	27,672,774	467,599	55,698	(2,931,374)
<u>\$ 10,980,069</u>	<u>\$ 15,807,749</u>	<u>\$ 26,787,818</u>	<u>\$ 478,778</u>	<u>\$ 93,433</u>	<u>\$ (135,895)</u>

CITY OF DENHAM SPRINGS

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30 2013

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 616,351	\$ 1,032,030	\$ 1,648,381
Receivables:			
Ad Valorem Taxes, Net	4,323	-	4,323
Other	195,976	575	196,551
Due from Other Funds	654,277	117,380	771,657
Due from Other Governments	1,131,807	-	1,131,807
Due from Component Units	24,122	-	24,122
Prepaid Insurance	112,097	-	112,097
Total Assets	<u>\$ 2,738,953</u>	<u>\$ 1,149,985</u>	<u>\$ 3,888,938</u>
LIABILITIES			
Accounts Payable	\$ 109,621	\$ 1,775	\$ 111,396
Payroll Taxes Payable	7,594	-	7,594
Retirement and Group Insurance Payable	127,705	-	127,705
Accrued Salaries and Wages	194,657	-	194,657
Other Liabilities	8,551	-	8,551
Total Liabilities	448,128	1,775	449,903
FUND BALANCES			
Fund Balances:			
Nonspendable:			
Prepaid Insurance	112,097	-	112,097
Permanent Fund Principal	-	808,328	808,328
Restricted For:			
Witness Fees	-	109,979	109,979
Other Purposes	-	3,269	3,269
Assigned To:			
Capital Projects	-	226,634	226,634
Unassigned	2,178,728	-	2,178,728
Total Fund Balances	<u>2,290,825</u>	<u>1,148,210</u>	<u>3,439,035</u>
Total Liabilities and Fund Balances	<u>\$ 2,738,953</u>	<u>\$ 1,149,985</u>	<u>\$ 3,888,938</u>

The accompanying notes constitute 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, 2013

Fund Balances-Total Governmental Funds		\$ 3,439,035
<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	18,292,281	
Less Accumulated Depreciation	<u>(10,139,738)</u>	8,152,543
<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		(924,008)
Capital Lease Payable		(51,058)
Accrued Interest Payable on Capital Leases		(441)
<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</p>		
Motor Pool Internal Service Fund Net Position		<u>363,998</u>
Net Position of Governmental Activities		<u>\$ 10,980,069</u>

The accompanying notes constitute 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, 2013

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 8,128,576	\$ -	\$ 8,128,576
Licenses and Permits	1,021,659	-	1,021,659
Fines and Forfeits	707,249	-	707,249
Interest	1,667	1,946	3,613
Fees	23,416	29,493	52,909
Intergovernmental	817,837	3,284	821,121
Miscellaneous	274,011	32,220	306,231
Total Revenues	10,974,415	66,943	11,041,358
Expenditures:			
Current:			
General Government	2,014,992	19,987	2,034,979
Public Safety	6,618,034	-	6,618,034
Highways and Streets	1,624,567	-	1,624,567
Health	44,438	-	44,438
Culture and Recreation	141,423	-	141,423
Capital Outlay:			
Highways and Streets	-	181,980	181,980
Culture and Recreation	-	3,828	3,828
Debt Service:			
Principal Retirement	247,028	-	247,028
Interest	12,375	-	12,375
Total Expenditures	10,702,857	205,795	10,908,652
Excess (Deficiency) of Revenues over Expenditures	271,558	(138,852)	132,706
Other Financing Sources (Uses):			
Transfers In	-	260,682	260,682
Transfers Out	(260,682)	-	(260,682)
Total Other Financing Sources (Uses)	(260,682)	260,682	-
Net Change in Fund Balances	10,876	121,830	132,706
Fund Balances at Beginning of Year	2,279,949	1,026,380	3,306,329
Fund Balances at End of Year	\$ 2,290,825	\$ 1,148,210	\$ 3,439,035

The accompanying notes constitute 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, 2013

Net Change in Fund Balances - Total Governmental Funds \$ 132,706

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	148,672	
Depreciation Expense	<u>(714,948)</u>	(566,276)

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	184,406	
Less Cost Basis of Capital Assets Retired During the Year		(202,556)

The Issuance of Long-Term Debt (e.g., bonds, leases) Provides Current Financial
Resources to Governmental Funds, While the Repayment of the Principal of
Long-Term Debt Consumes the Current Financial Resources of the Governmental
Funds. Neither Transaction, However, has any Effect on Net Position.

Repayment of Principal on Long-Term Debt	247,028	
Accrued Interest Payable on Capital Lease		2,886

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 in Compensated Absences Payable		(36,215)
--	--	----------

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>13,553</u>	
Change in Net Position of Governmental Activities		<u>\$ (224,468)</u>

The accompanying notes constitute 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, 2013

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes:				
Ad Valorem Taxes	\$ 205,000	\$ 205,000	\$ 218,788	\$ 13,788
Alcoholic Beverage Tax	27,000	27,000	30,744	3,744
Cable TV Franchise Tax	137,250	137,250	142,972	5,722
Chain Store Tax	22,525	24,025	24,075	50
Charitable Gaming Tax	300,000	300,000	240,546	(59,454)
Electrical Franchise Taxes	605,000	605,000	565,330	(39,670)
Sales Taxes	6,890,000	6,890,000	6,904,506	14,506
Wrecker Franchise Tax	1,545	1,615	1,615	-
	<u>8,188,320</u>	<u>8,189,890</u>	<u>8,128,576</u>	<u>(61,314)</u>
Licenses and Permits:				
Occupational Licenses	886,000	875,000	923,953	48,953
Other Permits and Licenses	93,705	96,705	97,706	1,001
	<u>979,705</u>	<u>971,705</u>	<u>1,021,659</u>	<u>49,954</u>
Fines and Forfeits:				
Ward II Court	637,934	674,638	706,226	31,588
Forfeiture Funds	-	1,023	1,023	-
	<u>637,934</u>	<u>675,661</u>	<u>707,249</u>	<u>31,588</u>
Interest Income	2,825	2,825	1,667	(1,158)
Fees:				
Animal Adoption Fees	11,175	11,175	10,566	(609)
Road Maintenance Fees	12,850	12,850	12,850	-
	<u>24,025</u>	<u>24,025</u>	<u>23,416</u>	<u>(609)</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Intergovernmental:				
Federal Government:				
Law Enforcement Grants	18,261	15,846	107,533	91,687
Energy Efficiency and Conservation Block Grant	-	22,388	22,388	-
FEMA Grants	13,125	279,988	221,006	(58,982)
State Government:				
Fire Insurance Commissions	35,000	40,000	48,426	8,426
Law Enforcement Grants	79,000	156,015	55,435	(100,580)
On Behalf Payments for Salaries	382,000	354,916	363,049	8,133
	<u>527,386</u>	<u>869,153</u>	<u>817,837</u>	<u>(51,316)</u>
Miscellaneous:				
Insurance Premium Rebate	30,000	109,136	109,136	-
Royalties	36,000	36,000	40,398	4,398
Wreck Reports	19,000	19,000	17,365	(1,635)
Rent Income	16,000	2,000	3,232	1,232
Miscellaneous	41,341	110,296	103,880	(6,416)
	<u>142,341</u>	<u>276,432</u>	<u>274,011</u>	<u>(2,421)</u>
Total Revenues	<u>10,502,536</u>	<u>11,009,691</u>	<u>10,974,415</u>	<u>(35,276)</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, 2013

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Expenditures				
General Government:				
General Provisions:				
Salaries	534,786	523,685	508,685	15,000
Council Per Diems	60,000	60,000	60,000	-
Payroll Taxes, Retirement, and Group Insurance	122,319	128,666	128,862	(196)
Building Improvements	-	25,419	25,419	-
Chamber of Commerce	5,000	5,000	5,000	-
Equipment Purchased	-	7,395	-	7,395
Insurance	28,033	25,232	25,132	100
Legal and Professional	65,648	63,902	68,914	(5,012)
Membership Fees and Educational Training	28,000	28,000	31,365	(3,365)
Miscellaneous	47,256	46,232	42,767	3,465
Printing, Postage and Office Supplies	54,000	49,000	53,350	(4,350)
Rental Equipment	7,000	4,200	4,536	(336)
Repairs and Maintenance	53,700	53,031	48,679	4,352
Small Tools and Supplies	3,000	3,000	2,160	840
Telephone	55,000	55,000	59,173	(4,173)
Travel	44,500	44,500	45,078	(578)
Utilities	22,984	22,962	24,056	(1,094)
Total General Provisions	1,131,226	1,145,224	1,133,176	12,048
Cemetery:				
Contracted Services	49,404	49,404	45,287	4,117
Insurance	3,375	3,375	227	3,148
Miscellaneous	400	400	210	190
Repairs and Maintenance	325	325	-	325
Total Cemetery	53,504	53,504	45,724	7,780

(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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
General Government (Continued):				
Tax:				
Salaries	55,020	55,020	54,030	990
Payroll Taxes, Retirement, and Group Insurance	13,286	13,242	13,208	34
Collection Fees	121,350	121,350	115,724	5,626
Equipment Purchased	-	2,800	-	2,800
Equipment Expense	500	1,100	635	465
Insurance	953	955	921	34
Legal and Professional	500	500	85	415
Miscellaneous	1,330	958	986	(28)
Printing, Postage and Office Supplies	3,950	3,950	1,228	2,722
Small Tools and Supplies	1,000	1,000	897	103
Tax Roll	5,125	4,954	4,954	-
Total Tax	203,014	205,829	192,668	13,161
Ward Court:				
Salaries	51,550	51,550	51,550	-
Payroll Taxes, Retirement, and Group Insurance	23,836	24,696	24,260	436
Additional Court Costs	36,694	36,694	34,396	2,298
Building Maintenance	16,960	16,960	10,275	6,685
Insurance	1,602	1,620	1,549	71
Legal and Professional	8,039	8,039	8,038	1
Payments to Component Units	233,071	233,071	233,070	1
Utilities	1,370	1,370	1,349	21
Total Ward Court	373,122	374,000	364,487	9,513

(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, 2013

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
General Government (Continued):				
Planning and Zoning:				
Salaries	140,700	139,110	134,445	4,665
Payroll Taxes, Retirement, and Group Insurance	43,728	38,930	35,857	3,073
Demolition Expense	10,000	10,402	11,898	(1,496)
Equipment Purchased	-	1,624	1,624	-
Inspections	2,500	2,500	2,819	(319)
Insurance	6,435	5,435	5,896	(461)
Legal and Professional	14,500	14,500	12,241	2,259
Miscellaneous	8,970	12,220	11,850	370
Printing, Postage and Office Supplies	5,915	5,400	1,651	3,749
Repairs and Maintenance	-	989	2,640	(1,651)
Small Tools and Supplies	4,300	4,300	4,446	(146)
Vehicle Expense	3,000	3,000	1,402	1,598
Total Planning and Zoning	240,048	238,410	226,769	11,641
Landscaping:				
Contracted Services	48,500	48,500	51,834	(3,334)
Insurance	1,999	1,999	189	1,810
Miscellaneous	125	125	145	(20)
Total Landscaping	50,624	50,624	52,168	(1,544)
Total General Government	2,051,538	2,067,591	2,014,992	52,599

(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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Public Safety:				
Animal Control:				
Salaries	233,390	233,390	226,171	7,219
Payroll Taxes, Retirement, and Group Insurance	28,244	25,593	22,975	2,618
Animal Care Expense	49,500	85,000	79,757	5,243
Equipment Purchased	-	7,090	7,090	-
Equipment Expense	5,900	6,287	7,010	(723)
Insurance	9,077	9,908	10,011	(103)
Miscellaneous	15,798	15,705	17,488	(1,783)
Small Tools and Supplies	500	762	920	(158)
Telephone	3,325	3,325	2,275	1,050
Utilities	11,305	12,152	11,635	517
Total Animal Control	<u>357,039</u>	<u>399,212</u>	<u>385,332</u>	<u>13,880</u>
Fire:				
Salaries	1,416,924	1,399,612	1,397,959	1,653
Payroll Taxes, Retirement, and Group Insurance	587,665	589,612	547,370	42,242
Legal and Professional	14,928	14,928	14,157	771
Equipment Purchased	-	300	6,971	(6,671)
Equipment Expense	67,000	88,000	108,697	(20,697)
Insurance	153,321	153,321	153,281	40
Membership Fees and Educational Training	21,500	16,817	13,542	3,275
Miscellaneous	10,155	10,265	3,261	7,004
Printing, Postage and Office Supplies	2,900	4,776	4,057	719
Repairs and Maintenance	18,734	29,194	29,674	(480)
Small Tools and Supplies	29,000	20,200	19,119	1,081
Telephone	26,500	30,000	34,052	(4,052)
Uniforms	11,000	11,000	9,714	1,286
Utilities	31,000	31,000	29,926	1,074
Total Fire	<u>2,390,627</u>	<u>2,399,025</u>	<u>2,371,780</u>	<u>27,245</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Public Safety (Continued):				
Police:				
Salaries	2,143,931	2,180,510	2,210,936	(30,426)
Payroll Taxes, Retirement, and Group Insurance	952,660	961,828	967,440	(5,612)
Equipment Purchased	45,000	47,641	10,496	37,145
Equipment Expense	209,072	241,940	207,089	34,851
Equipment Rental	8,330	8,370	7,993	377
Insurance	185,946	191,205	193,726	(2,521)
Jail Expense	1,000	1,000	24	976
Membership Fees and Educational Training	8,000	8,000	8,419	(419)
Miscellaneous	43,935	29,322	26,437	2,885
Printing, Postage and Office Supplies	32,600	42,600	34,516	8,084
Professional Fees	19,382	19,382	12,525	6,857
Repairs and Maintenance	35,225	36,811	33,610	3,201
Small Tools and Supplies	10,000	10,000	10,982	(982)
Telephone	80,760	80,760	86,329	(5,569)
Uniforms	15,000	15,000	17,480	(2,480)
Utilities	41,000	41,003	32,920	8,083
Total Police	<u>3,831,841</u>	<u>3,915,372</u>	<u>3,860,922</u>	<u>54,450</u>
Total Public Safety	<u>6,579,507</u>	<u>6,713,609</u>	<u>6,618,034</u>	<u>95,575</u>
Highway and Streets:				
Streets:				
Salaries	760,944	766,133	716,394	49,739
Payroll Taxes, Retirement, and Group Insurance	232,470	227,552	215,387	12,165
Contract Services	-	255,227	255,227	-
Equipment Purchased	-	12,195	18,599	(6,404)
Equipment Expense	145,500	145,500	146,065	(565)

(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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Highway and Streets (Continued):				
Streets:				
Equipment Rental	7,000	7,000	5,331	1,669
Insurance	68,841	68,841	62,225	6,616
Uniforms	12,500	12,500	11,716	784
Legal and Professional	2,720	2,720	506	2,214
Streets Maintenance and Materials	83,508	116,300	35,289	81,011
Membership Fees and Educational Training	300	306	79	227
Miscellaneous	15,908	17,744	14,826	2,918
Small Tools and Supplies	4,500	4,500	5,882	(1,382)
Telephone	11,100	14,000	16,882	(2,882)
Utilities	5,480	5,480	5,246	234
Total Streets	<u>1,350,771</u>	<u>1,655,998</u>	<u>1,509,654</u>	<u>146,344</u>
Lighting:				
Utilities	<u>120,000</u>	<u>120,000</u>	<u>114,913</u>	<u>5,087</u>
Total Lighting	<u>120,000</u>	<u>120,000</u>	<u>114,913</u>	<u>5,087</u>
Total Highways and Streets	<u>1,470,771</u>	<u>1,775,998</u>	<u>1,624,567</u>	<u>151,431</u>
Health:				
Council on Aging	28,209	29,517	27,828	1,689
Food Bank Contribution	-	1,000	1,000	-
Youth and Family Counseling	15,955	15,955	15,610	345
Total Health	<u>44,164</u>	<u>46,472</u>	<u>44,438</u>	<u>2,034</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Culture and Recreation:				
Culture:				
Salaries	29,415	29,415	26,852	2,563
Payroll Taxes, Retirement, and Group Insurance	10,925	10,765	9,865	900
Committee Expenses	-	1,969	987	982
Insurance	2,098	2,098	2,168	(70)
Legal and Professional	2,850	2,850	2,679	171
Membership Fees and Educational Training	455	745	745	-
Repairs and Maintenance	13,392	14,664	13,035	1,629
Printing, Postage and Office Supplies	9,951	7,901	6,094	1,807
Telephone	4,250	5,250	3,919	1,331
Travel	500	928	1,203	(275)
Utilities	5,555	5,555	5,070	485
Total Culture	<u>79,391</u>	<u>82,140</u>	<u>72,617</u>	<u>9,523</u>
Parks:				
Insurance	-	288	647	(359)
Land Acquired	-	58,208	46,102	12,106
Maintenance	9,750	20,973	22,057	(1,084)
Total Parks	<u>9,750</u>	<u>79,469</u>	<u>68,806</u>	<u>10,663</u>
Total Culture and Recreation	<u>89,141</u>	<u>161,609</u>	<u>141,423</u>	<u>20,186</u>
Debt Service:				
Principal Retirement	242,619	260,238	247,028	13,210
Interest	-	-	12,375	(12,375)
Total Debt Service	<u>242,619</u>	<u>260,238</u>	<u>259,403</u>	<u>835</u>
Total Expenditures	<u>10,477,740</u>	<u>11,025,517</u>	<u>10,702,857</u>	<u>322,660</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Excess (Deficiency) of Revenues Over Expenditures	24,796	(15,826)	271,558	287,384
Other Financing Sources (Uses):				
Operating Transfers Out	-	(260,682)	(260,682)	-
Total Other Financing Sources (Uses)	-	(260,682)	(260,682)	-
Net Change in Fund Balance	24,796	(276,508)	10,876	287,384
Fund Balance at Beginning of Year	2,279,949	2,279,949	2,279,949	-
Fund Balance at End of Year	<u>\$ 2,304,745</u>	<u>\$ 2,003,441</u>	<u>\$ 2,290,825</u>	<u>\$ 287,384</u>

The accompanying notes constitute an integral part of this statement.

**CITY OF DENHAM SPRINGS
PROPRIETARY FUNDS**

STATEMENT OF NET POSITION

JUNE 30, 2013

	<u>Business-Type Activities -</u>			<u>Governmental Activities - Motor Pool Internal Service Fund</u>
	<u>Utility Enterprise Fund</u>	<u>Denham Springs Sewer District Number 1</u>	<u>Total Business-Type Activities</u>	
Current Assets:				
Cash and Cash Equivalents	\$ 500	\$ 23,305	\$ 23,805	\$ 171,845
Restricted Assets:				
Cash for Customer Deposits	1,014,376	-	1,014,376	-
Revenue Bond Covenant Accounts	522,101	93,031	615,132	-
	<u>1,536,477</u>	<u>93,031</u>	<u>1,629,508</u>	<u>-</u>
Receivables:				
Accounts (Net of Allowance for Uncollectible Accounts of \$206,000)	477,431	-	477,431	-
Due from Other Governments	43,753	632	44,385	-
Unbilled Utility Sales	611,549	-	611,549	-
	<u>1,132,733</u>	<u>632</u>	<u>1,133,365</u>	<u>-</u>
Inventory, at Cost	318,884	-	318,884	38,368
Due from Other Funds	2,362,146	134,983	2,497,129	182,655
Prepaid Expenses	4,499	-	4,499	-
Total Current Assets	<u>5,355,239</u>	<u>251,951</u>	<u>5,607,190</u>	<u>392,868</u>
Noncurrent Assets:				
Deferred Bond Issuance Costs	1,345,169	1,131,746	2,476,915	-
Capital Assets:				
Land and Construction in Progress	685,747	3,756,535	4,442,282	-
Other Capital Assets, at Cost (Net of Accumulated Depreciation)	40,412,170	21,400,189	61,812,359	49,930
Total Noncurrent Assets	<u>42,443,086</u>	<u>26,288,470</u>	<u>68,731,556</u>	<u>49,930</u>
Total Assets	<u>\$ 47,798,325</u>	<u>\$ 26,540,421</u>	<u>\$ 74,338,746</u>	<u>\$ 442,798</u>

The accompanying notes constitute 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
Current Liabilities				
(Payable from Current Assets):				
Accounts Payable	\$ 307,502	\$ 19,125	\$ 326,627	\$ 37,133
Accrued Salaries and Wages	96,192	-	96,192	-
Accumulated Unpaid Vacation	53,489	-	53,489	4,261
Customers' Deposits	977,586	-	977,586	-
Current Portion of Debt	761,548	-	761,548	4,508
Other Current Liabilities	6,762	-	6,762	3,405
Due To Other Funds	1,089,295	2,362,146	3,451,441	-
Accrued Bond Interest	107,919	93,006	200,925	-
Total Current Liabilities	3,400,293	2,474,277	5,874,570	49,307
Noncurrent Liabilities:				
Accumulated Unpaid Vacation	160,467	-	160,467	12,784
Debt Payable after One Year (Net of Unamortized Bond Premium or Discount)	28,906,990	23,588,970	52,495,960	16,709
Total Noncurrent Liabilities	29,067,457	23,588,970	52,656,427	29,493
Total Liabilities	32,467,750	26,063,247	58,530,997	78,800
Net Position:				
Net Investment in Capital Assets	13,511,290	2,699,500	16,210,790	49,930
Restricted for Debt Service	-	25	25	-
Unrestricted (Deficit)	1,819,285	(2,222,351)	(403,066)	314,068
Total Net Position	15,330,575	477,174	15,807,749	363,998
Total Liabilities and Net Position	\$ 47,798,325	\$ 26,540,421	\$ 74,338,746	\$ 442,798

CITY OF DENHAM SPRINGS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Business-Type Activities -</u>			Governmental
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	Activities - Motor Pool Internal Service Fund
Operating Revenues:				
Charges for Services	\$ 10,085,201	\$ 931,374	\$ 11,016,575	\$ 727,547
Total Operating Revenues	10,085,201	931,374	11,016,575	727,547
Operating Expenses:				
Personal Services and Benefits	2,759,728	37,736	2,797,464	117,354
Contractual Services	1,152,792	37,994	1,190,786	128
Cost of Materials	1,104,773	-	1,104,773	556,290
Utilities	443,418	80,128	523,546	6,138
Repair and Maintenance	806,163	163,696	969,859	10,105
Supplies	233,966	9,380	243,346	3,668
Insurance	250,297	14,980	265,277	8,824
Depreciation	1,765,703	480,910	2,246,613	11,280
Overhead Allocation	(174,416)	174,416	-	-
Bad Debts	45,675	3,201	48,876	-
Total Operating Expenses	8,388,099	1,002,441	9,390,540	713,787
Operating Income	1,697,102	(71,067)	1,626,035	13,760
Nonoperating Revenues:				
Intergovernmental	75,253	-	75,253	-
Interest	3,722	358	4,080	92
Amortization of Bond Premium	4,931	-	4,931	-
Miscellaneous	25,549	-	25,549	-
Total Nonoperating Revenues	109,455	358	109,813	92
Nonoperating Expenses:				
Interest	1,309,015	1,116,066	2,425,081	299
Amortization of Bond Costs	31,986	-	31,986	-
Amortization of Bond Discount	2,211	-	2,211	-
Loss on Disposal of Capital Asset	84,837	-	84,837	-
Total Nonoperating Expenses	1,428,049	1,116,066	2,544,115	299
Income (Loss) Before Contributions	378,508	(1,186,775)	(808,267)	13,553
Capital Contributions	147,779	-	147,779	-
Change in Net Position	526,287	(1,186,775)	(660,488)	13,553
Total Net Position at				
Beginning of Year	14,804,288	1,663,949	16,468,237	350,445
Total Net Position at End of Year	\$ 15,330,575	\$ 477,174	\$ 15,807,749	\$ 363,998

The accompanying notes constitute an integral part of this statement.

**CITY OF DENHAM SPRINGS
PROPRIETARY FUNDS**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities -			Governmental
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	Activities - Motor Pool Internal Service Fund
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 10,056,066	\$ 928,311	\$ 10,984,377	\$ 727,547
Cash Payments to Suppliers for Goods and Services	(3,805,817)	(478,785)	(4,284,602)	(581,696)
Cash Payments to Employees for Services and Benefits	(2,735,568)	(37,736)	(2,773,304)	(115,740)
Other Receipts (Payments)	(215,790)	289,459	73,669	149,302
Net Cash Provided by Operating Activities	3,298,891	701,249	4,000,140	179,413
Cash Flows From Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(495,549)	(989,473)	(1,485,022)	(28,578)
Interest Expense Paid on Long Term Debt Not Capitalized	(1,311,167)	(1,116,066)	(2,427,233)	(299)
Proceeds from Long Term Debt	253,055	-	253,055	23,428
Principal Paid on Long Term Debt	(708,888)	-	(708,888)	(2,211)
Cash Payments from other Funds for Capital Activities	(1,099,000)	1,099,000	-	-
Capital Contributions	147,779	-	147,779	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	(3,213,770)	(1,006,539)	(4,220,309)	(7,660)
Cash Flows From Investing Activities:				
Interest Income Received	3,723	366	4,089	92
Net Cash Provided by Investing Activities	3,723	366	4,089	92
Net Increase (Decrease) in Cash and Cash Equivalents	88,844	(304,924)	(216,080)	171,845
Cash and Cash Equivalents - Beginning of Year	1,448,133	421,260	1,869,393	-
Cash and Cash Equivalents - End of Year	\$ 1,536,977	\$ 116,336	\$ 1,653,313	\$ 171,845
Schedule of Noncash Investing, Capital and Financing Activities:				
Amortization of Deferred Bond Expense	\$ 31,986	\$ -	\$ 31,986	\$ -
Amortization of Bond Premium and Discount (Net)	\$ (2,720)	\$ -	\$ (2,720)	\$ -
Loss on Disposal of Capital Assets	\$ (84,837)	\$ -	\$ (84,837)	\$ -

(CONTINUED)

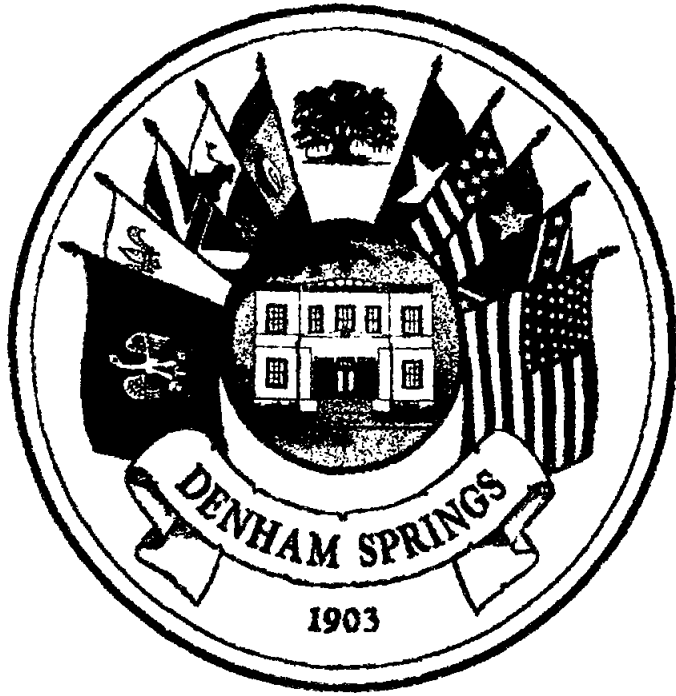
CITY OF DENHAM SPRINGS
PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities -			Governmental Activities - Motor Pool Internal Service Fund
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ 1,697,102	\$ (71,067)	\$ 1,626,035	\$ 13,760
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	1,765,703	480,910	2,246,613	11,280
Provision for Bad Debts	45,675	3,201	48,876	-
Intergovernmental Revenues	75,253	-	75,253	-
Miscellaneous Revenues	25,549	-	25,549	-
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(58,620)	(3,201)	(61,821)	-
(Increase) Decrease in Other Receivables	(35,821)	138	(35,683)	-
(Increase) Decrease in Unbilled Utility Sales	5,325	-	5,325	-
(Increase) Decrease in Due from Other Funds	(328,557)	(39,098)	(367,655)	149,302
(Increase) Decrease in Inventory	14,012	-	14,012	(20,280)
(Increase) Decrease in Prepaid Expenses	1,385	-	1,385	-
Increase (Decrease) in Accounts Payable - Trade	(4,221)	1,809	(2,412)	23,737
Increase (Decrease) in Accrued Salaries and Wages	13,401	-	13,401	-
Increase (Decrease) in Other Current Liabilities	-	-	-	(31)
Increase (Decrease) in Due To Other Funds	11,965	328,557	340,522	-
Increase (Decrease) in Customers' Deposits	59,981	-	59,981	-
Increase (Decrease) in Accumulated Unpaid Vacation	10,759	-	10,759	1,645
Net Cash Provided by Operating Activities	<u>\$ 3,298,891</u>	<u>\$ 701,249</u>	<u>\$ 4,000,140</u>	<u>\$ 179,413</u>

The accompanying notes constitute an integral part of this statement.



CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

(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, 2013 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, 2013

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

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

BLENDED COMPONENT UNIT

The City of Denham Springs created the Denham Springs Sewer District No. 1 on January 26, 2009, under the authority of Louisiana Revised Statute 33:3911 et. seq. The Denham Springs Sewer District No. 1 is a separate legal entity and is governed by the Mayor and the City Council of the City of Denham Springs and is reported as a proprietary fund in the basic financial statements of the City of Denham Springs. 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 residence 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, 2013

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, 2013.

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, 2013.

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, 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 District encompasses approximately 75 acres within the City of Denham Springs.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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 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, 2013.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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 non-profit corporation 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.

**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.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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.

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.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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.

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.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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

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

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's utility fund and of the City's internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to 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.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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 and Net Position or 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 stated at cost.

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

2. Receivables and Payables -

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

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance classification in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. At June 30, 2013, there were no advances between funds.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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, 2013.

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.

4. Restricted Assets -

Primary Government -

Certain proceeds of the City's Enterprise Fund 2006 and 2008 Revenue Bonds and the Sewer District Number 1 2009 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 and their use is limited by applicable bond covenants. The "revenue bond construction" account is 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.

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

Component Unit -

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

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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

6. 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.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

7. 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, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of 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.

8. 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.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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.

9. 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 seven (7) participants in the program as of June 30, 2013. Since the retiree healthcare benefit program is reimbursed to the City by the participants and the number of retirees opting to use this benefit has been historically low, the City determined any postemployment benefit accrual would be immaterial to the financial statements as the only potential accrual would be the implicit benefit of the retirees of paying the insurance group rate.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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, 2013, there is one (1) participant in the program.

10. 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.

11. 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:

GASB Statement No. 61 - The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34

GASB Statement No. 62 - Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB

GASB Statement No. 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position

The adoption of GASB 61 and GASB 62 did not require any changes to the financial statements of the City; however, GASB 63 required the City to use the term Net Position instead of Net Assets.

12. Current Accounting Pronouncements -

The Governmental Accounting Standards Board issued GASB Statement No. 65 "Items Previously Reported as Assets and Liabilities." This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. This Statement will be required to be adopted by the City of Denham Springs for fiscal year ending June 30, 2014.

The Governmental Accounting Standards Board issued GASB Statement No. 66 "Technical Corrections – 2012 - an amendment of GASB Statements No. 10 and No. 62." The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. This Statement will be required to be adopted by the City of Denham Springs for fiscal year ending June 30, 2014.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

In June 2012, the Governmental Accounting Standards Board issued GASB Statement No. 68 "Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27." The principal objective of this Statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees—both active employees and inactive employees—are provided with pensions. One aspect of that objective is to provide information about the effects of pension-related transactions and other events on the elements of the basic financial statements of state and local governmental employers. This information will assist users in assessing the relationship between a government's inflows of resources and its total cost (including pension expense) of providing government services each period. Another aspect of that objective is to provide users with information about the government's pension obligations and the resources available to satisfy those obligations. An additional objective of this Statement is to improve the information provided in government financial reports about pension-related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities. Statement No. 67, *Financial Reporting for Pension Plans*, establishes standards of financial reporting for defined benefit pension plans and defined contribution pension plans that are used to provide pensions that are within the scope of this Statement. The two Statements are closely related in some areas, and certain provisions of this Statement refer to Statement 67. This Statement will be required to be adopted by the City of Denham Springs for fiscal year ending June 30, 2015.

Management is currently evaluating the effects of the new GASB pronouncements scheduled for implementation for fiscal year ending June 30, 2014. Management currently believes the implementation of GASB 66 will not have a material effect on the City of Denham Springs' financial statements. However, the implementation of GASB 65 will require a restatement of Net Position of the Business Type Activities of the primary government and of the Denham Springs Economic Development District (Component Unit) as the carrying value of some deferred bond issuance cost components will not meet the GASB 65 definition of expenses allowed to be deferred and those that do meet the definition will be reported as deferred outflows.

(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.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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.

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, 2013, the City Council approved the increase in the original expenditures and transfers out of the General Fund from \$10,477,740 to \$11,286,199.

The total General Fund increase amounted to \$808,459. The General Fund budget as amended was increased approximately \$36,000 for animal care expenses, increased approximately \$25,000 for building improvements expenses, increased approximately \$255,000 for contract services expenses, increased approximately \$55,000 for equipment expenses, increased approximately \$94,000 for additional capital outlay expenses, increased

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

approximately \$261,000 for operating transfers out, increased approximately \$58,000 for repairs and maintenance, and principal payments on debt increased by approximately \$18,000. These areas were the major budget increases.

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 all excess funds in certificates of deposits, which have maturity dates greater than 90 days when purchased, and are therefore classified as investments for financial reporting. At June 30, 2013, 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 \$3,473,539 and investments totaling \$-. 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, 2013.

	Governmental Activities	Business-Type Activities	Total
Deposits in Bank Accounts per Balance Sheet:			
Cash and Cash Equivalents	\$1,820,226	\$1,653,313	\$3,473,539

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. As of June 30, 2013, \$2,886,867 of the City's bank balance of \$3,775,307 was exposed to custodial credit risk because it was uninsured and collateralized

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

with securities held by the pledging institution's trust department or agent, but not in the entity's name. Neither the City of Denham Springs nor its discretely presented component units has a policy for custodial credit risk.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement of the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

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, 2013, 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	\$ 214,777	\$ 72,592	\$ 3,865,197
Certificates of Deposits	<u>250,696</u>	<u>-</u>	<u>-</u>
	465,473	72,592	3,865,197
Fiduciary Amounts - Not			
Included in Statement of			
Net Position	<u>315,254</u>	<u>-</u>	<u>-</u>
	<u>\$ 780,727</u>	<u>\$ 72,592</u>	<u>\$ 3,865,197</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. As of June 30, 2013, \$80,546 of the component units' bank balances of \$4,795,975 were exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement of the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the component unit that the fiscal agent has failed to pay deposited funds upon demand.

(4) Ad Valorem Taxes -

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

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

For the year ended June 30, 2013, taxes of 2.748 mills were levied on property with assessed valuations totaling \$79,817,110 and were dedicated to general purposes.

Total taxes levied were \$219,339. Taxes receivable at June 30, 2013, consisted of the following:

Taxes Receivable - Current Roll	\$ 5,959
Taxes Receivable - Prior Years	<u>24,055</u>
	30,014
Allowance for Uncollectible Taxes	<u>(25,691)</u>
	<u>\$ 4,323</u>

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

(5) Receivables -

Receivables as of June 30, 2013, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Interest</u>	<u>Ad Valorem Taxes</u>	<u>Royalties</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	\$ -	\$ 30,014	\$ 9,432	\$ 141,783	\$ 44,761	\$ -	\$ (25,691)	\$ 200,299
Nonmajor Governmental Funds	-	-	-	-	575	-	-	575
Total Governmental Activities	-	30,014	9,432	141,783	45,336	-	(25,691)	200,874
<u>Business Type-Activities:</u>								
Utility Fund	-	-	-	-	683,431	611,549	(206,000)	1,088,980
<u>Component Units:</u>								
City Court of Denham Springs - Ward II	242	-	-	-	133	-	-	375
Denham Springs Economic Development District	611	-	-	-	2,107	-	-	2,718
Total Component Units	853	-	-	-	2,240	-	-	3,093
	<u>\$ 853</u>	<u>\$ 30,014</u>	<u>\$ 9,432</u>	<u>\$ 141,783</u>	<u>\$ 731,007</u>	<u>\$ 611,549</u>	<u>\$ (231,691)</u>	<u>\$ 1,292,947</u>

(6) Due From Other Governments -

Due from Other Governments as of June 30, 2013, 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	\$ 1,030,503	\$ 7,834	\$ 48,426	\$ 45,044	\$ -	\$ 1,131,807
Nonmajor Governmental Internal Service Fund	-	-	-	-	-	-
Total Governmental Activities	1,030,503	7,834	48,426	45,044	-	1,131,807
<u>Business Type-Activities:</u>						
Utility Fund	-	-	-	43,753	632	44,385
<u>Component Units:</u>						
Denham Springs Economic Development District	676,546	365,162	-	-	-	1,041,708
Total Component Units	676,546	365,162	-	-	-	1,041,708
	<u>\$ 1,707,049</u>	<u>\$ 372,996</u>	<u>\$ 48,426</u>	<u>\$ 88,797</u>	<u>\$ 632</u>	<u>\$ 2,217,900</u>

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

**(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>
Governmental Activities:			
General Fund	Utility Fund	\$ -	\$ 654,277
Internal Service Fund	Utility Fund	-	182,655
Capital Projects Fund	Utility Fund	-	117,380
Business Type-Activities:			
Denham Springs Sewer			
District Number 1	Utility Fund	2,362,146	-
	Utility Fund	-	134,983
Utility Fund	General Fund	654,277	-
	Internal Service Fund	182,655	-
	Capital Projects Fund	117,380	-
	Sewer District Number 1	-	2,362,146
	Sewer District Number 1	<u>134,983</u>	<u>-</u>
		<u>\$ 3,451,441</u>	<u>\$ 3,451,441</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 balance owed to the General Fund, Internal Service Fund, and Capital Projects Fund from the Utility Fund resulted from amounts of outstanding checks in excess of bank balances attributable to the Utility Fund in the amount of \$954,312. The Denham Springs Sewer District Number 1 owes the Utility Fund \$2,362,146 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 \$134,983 for impact fees collected and billed and unbilled sales for the month of June 2013. These balances due to and from funds are expected to be repaid in the subsequent year.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

	Due (To)/From Primary Government	Due (To)/From Component Units
<u>Primary Government:</u>		
General Fund	\$ -	\$ 24,122
<u>Component Units:</u>		
Marshall of City Court of Denham Springs - Ward II	(24,122)	-
Total	\$ (24,122)	\$ 24,122

(8) Changes in Capital Assets -

Primary government capital asset activity for the year ended June 30, 2013 was as follows:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land and Right-of-Ways	\$ 1,224,774	\$ 46,102	\$ -	\$ 1,270,876
Construction in Progress	25,867	32,371	(29,695)	28,543
Total Capital Assets not being Depreciated	1,250,641	78,473	(29,695)	1,299,419
Capital Assets being Depreciated:				
Buildings and Improvements	5,268,143	32,509	-	5,300,652
Infrastructure	5,402,722	17,810	-	5,420,532
Equipment	6,642,638	66,268	(190,671)	6,518,235
Total Capital Assets being Depreciated	17,313,503	116,587	(190,671)	17,239,419
Less: Accumulated Depreciation for:				
Buildings and Improvements	2,815,623	129,902	-	2,945,525
Infrastructure	2,338,208	213,790	-	2,551,998
Equipment	4,640,712	382,536	(184,406)	4,838,842
Total Accumulated Depreciation	9,794,543	726,228	(184,406)	10,336,365
Total Capital Assets being Depreciated, Net	7,518,960	(609,641)	(6,265)	6,903,054
Total Governmental Activities Capital Assets, Net	\$ 8,769,601	\$ (531,168)	\$ (35,960)	\$ 8,202,473

(CONTINUED)

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>Business-Type Activities:</u>				
Capital Assets not being Depreciated:				
Land and Right-of-Ways	\$ 4,285,342	\$ -	\$ -	\$ 4,285,342
Construction in Progress	<u>110,061</u>	<u>234,542</u>	<u>(187,663)</u>	<u>156,940</u>
Total Capital Assets not being Depreciated	4,395,403	234,542	(187,663)	4,442,282
Capital Assets being Depreciated:				
Buildings and Improvements	583,297	-	-	583,297
Gas System	4,928,079	43,635	-	4,971,714
Water System	16,772,657	59,191	-	16,831,848
Sewer System	56,823,135	92,771	-	56,915,905
Equipment	<u>2,642,241</u>	<u>261,009</u>	<u>(76,015)</u>	<u>2,827,236</u>
Total Capital Assets being Depreciated	81,749,409	456,606	(76,015)	82,130,000
Less: Accumulated Depreciation for:				
Building and Improvements	237,197	12,052	-	249,249
Gas System	3,074,304	116,989	-	3,191,293
Water System	6,040,448	483,499	-	6,523,947
Sewer System	6,745,242	1,460,688	-	8,205,930
Equipment	<u>2,049,852</u>	<u>173,385</u>	<u>(76,015)</u>	<u>2,147,222</u>
Total Accumulated Depreciation	18,147,043	2,246,613	(76,015)	20,317,641
Total Capital Assets being Depreciated, Net	63,602,366	(1,790,007)	-	61,812,359
Total Business-Type Activities Capital Assets, Net	<u>\$67,997,769</u>	<u>\$ (1,555,465)</u>	<u>\$ (187,663)</u>	<u>\$66,254,641</u>

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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

<u>Governmental Activities:</u>		<u>Business-Type Activities:</u>	
General Government	\$ 88,851	Water	\$ 536,948
Public Safety	345,711	Gas	159,491
Culture and Recreation	51,250	Sewer	1,543,405
Highway and Streets	<u>229,136</u>	Sanitation	<u>6,769</u>
	714,948		
Capital Assets Held by Internal Service Funds are Charged to the Various Functions Based on their Usage of the Assets	<u>11,280</u>	Total Depreciation Expense - Business-Type Activities	<u>\$ 2,246,613</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 726,228</u>		

Construction Commitments

Governmental Activities:

The City has eight active construction projects as of June 30, 2013 in the governmental activities. The projects include the Rushing Road Widening Project, Carey Street Drainage Project, 4-H Club Road Turning Lanes Project, River Road Overlay Project, Cockerham Road Drainage, Centerville Street Overlay Project, Julia Street Overlay Project and Maple Street Overlay Project. The Carey Street Drainage Project, Julia Street Overlay Project and Maple Street Overlay Project are the only City owned projects. The other five projects are State of Louisiana owned. The following schedule represents construction commitments in the governmental funds at June 30, 2013:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Carey Street Drainage Project	\$ 9,548	\$ 17,027
Julia Street Overlay Project	9,485	70,015
Maple Street Overlay Project	9,510	74,990
	<u>\$ 28,543</u>	<u>\$ 162,032</u>

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Business-Type Activities:

The City has six active construction projects as of June 30, 2013 in the business-type activities. The projects include the Centerville Road Project , Cockerham Road Project, South College Water Line Replacement, Rushing Road at Donald Drive Water Line Replacement, Lift Station Pump Projects and Sewer Lift Station Renovations. The following schedule represents construction commitments in the proprietary funds at June 30, 2013:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Centerville Road Project	\$ 3,642	\$ -
Cockerham Road Project	79,625	-
South College Water Line Replacement	31,500	-
Rushing Road at Donald Drive Water Line Replacement	21,600	-
Lift Station Pump Projects	17,686	-
Sewer Lift Station Renovations	<u>2,887</u>	<u>-</u>
	<u>\$ 156,940</u>	<u>\$ -</u>

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

City Court of Denham Springs - Ward II:

<u>Governmental Activities</u>	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Equipment:				
Copier	\$ 11,018	\$ -	\$ -	\$ 11,018
Telephone System	11,171	-	-	11,171
Furniture and Fixtures	26,579	629	-	27,208
Computer Equipment	139,176	1,796	-	140,972
Police Equipment	4,273	-	-	4,273
Leasehold Improvements	15,696	-	-	15,696
Other Equipment	<u>38,167</u>	<u>-</u>	<u>-</u>	<u>38,167</u>
Totals	246,080	2,425	-	248,505
Less: Accumulated Depreciation	<u>216,853</u>	<u>9,574</u>	<u>-</u>	<u>226,427</u>
Capital Assets, Net	<u>\$ 29,227</u>	<u>\$ (7,149)</u>	<u>\$ -</u>	<u>\$ 22,078</u>

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Marshal of City Court of Denham Springs - Ward II:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>Governmental Activities:</u>				
Office Equipment	\$ 21,489	\$ 3,008	\$ -	\$ 24,497
Furniture and Fixtures	17,111	-	-	17,111
Machinery and Equipment	44,073	4,327	-	48,400
Vehicles	189,405	61,961	(22,873)	228,493
Leasehold Improvements	<u>12,529</u>	<u>-</u>	<u>-</u>	<u>12,529</u>
Totals	284,607	69,296	(22,873)	331,030
Less: Accumulated Depreciation	<u>177,246</u>	<u>41,899</u>	<u>(20,209)</u>	<u>198,936</u>
Capital Assets, Net	<u>\$ 107,361</u>	<u>\$ 27,397</u>	<u>\$ (2,664)</u>	<u>\$ 132,094</u>

Denham Springs Economic Development District:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</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	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
Less: Accumulated Depreciation for:				
Buildings and Improvements	2,866,198	655,131	-	3,521,329
Roads	1,322,609	328,332	-	1,650,941
Utilities	<u>451,387</u>	<u>103,174</u>	<u>-</u>	<u>554,561</u>
Total Accumulated Depreciation	<u>4,640,194</u>	<u>1,086,637</u>	<u>-</u>	<u>5,726,831</u>
Total Capital Assets being Depreciated, Net	<u>30,195,158</u>	<u>(1,086,637)</u>	<u>-</u>	<u>29,108,521</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 37,498,908</u>	<u>\$ (1,086,637)</u>	<u>\$ -</u>	<u>\$ 36,412,271</u>

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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

Governmental Activities:	
City Court of Denham Springs – Ward II	\$ 9,574
Marshal of City Court of Denham Springs - Ward II	41,899
Denham Springs Economic Development District	<u>1,086,637</u>
	<u>\$ 1,138,110</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. During a prior fiscal year, the City issued an additional \$9,100,000 of revenue bonds dated May 28, 2008. 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.

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.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

The revenue bonds outstanding at June 30, 2013, are as follows:

<u>Description/Purpose</u>	<u>Original Issue Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance June 30, 2013</u>
Business-Type Activities:				
Utility Enterprise Fund:				
2006 Utility Revenue Bonds - Sewer Project	\$23,765,000	4.00 to 4.75%	12-01-2036	\$20,980,000
2008 Utility Revenue Bonds - Sewer Project	\$ 9,100,000	3.00 to 4.88%	12-01-2038	8,360,000
Denham Springs Sewer District Number 1:				
2009 Denham Springs Sewer District No. 1 Project	\$23,750,000	4.00 to 5.00%	12-01-2039	23,750,000
Total Revenue Bonds				\$53,090,000

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

	<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	2014	\$ 710,000	\$ 2,397,589	\$ 3,107,589
	2015	735,000	2,370,095	3,105,095
	2016	1,195,000	2,332,817	3,527,817
	2017	1,240,000	2,285,136	3,525,136
	2018	1,290,000	2,235,209	3,525,209
	2019-2023	7,265,000	10,330,405	17,595,405
	2024-2028	8,920,000	8,635,335	17,555,335
	2029-2033	11,125,000	6,358,834	17,483,834
	2034-2038	14,010,000	3,399,175	17,409,175
	2039-2040	6,600,000	333,666	6,933,666
Total Revenue Bonds		\$53,090,000	\$40,678,261	\$93,768,261

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

The 2006 Utility Revenue Bond - 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-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, 2013, the Debt Service Fund requirements for the interest and principal accounts were fully funded with an actual balance of \$382,628.

The 2008 Utility Revenue Bond - 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, 2013, the Debt Service Fund requirements for the interest and principal accounts were fully funded with an actual balance of \$139,473.

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

A capitalized interest fund which was used to receive the immediate transfer of a portion of the proceeds of the bonds to pay interest capitalized on the bonds for a period of eighteen months during the construction phase of the project. Any funds remaining after June 30, 2011 were to be transferred into the debt service fund.

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

Upon completion of the construction or eighteen months, whichever occurs first, the Denham Springs Sewer District Number 1 will be 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, 2013, the Debt Service Fund requirements for the interest and principal accounts were fully funded with an actual balance of \$93,031.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Prior Year Bond Defeasance. There are no outstanding balances on any prior-year bond defeasance as of June 30, 2013.

Capital Lease Payable. The City entered into a capital lease agreement on September 28, 2011, for financing the purchase of five police vehicles for the Police Department. The lease requires six semi-annual payments of principal and interest of \$17,619 with the final payment due October 1, 2014. 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. Both lease agreements contain a non-appropriation exculpatory clause that allows cancellation if the City Council does not make an annual appropriation for the lease payments. The capital leases payable at June 30, 2013, are as follows:

<u>Description/Purpose</u>	<u>Original Lease Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance June 30, 2013</u>
Capital lease to finance the purchase of five police vehicles	\$ 99,500	3.50%	10/01/14	51,058
Capital lease to finance the purchase of thirteen pick-up trucks	<u>\$ 276,483</u>	<u>2.55%</u>	<u>11/20/17</u>	<u>250,384</u>
Total Capital Leases				<u>\$301,442</u>

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>
2014	\$ 86,943	\$ 7,542	\$ 94,485
2015	71,880	4,986	76,866
2016	55,966	3,283	59,249
2017	57,402	1,846	59,248
2018	<u>29,251</u>	<u>373</u>	<u>29,624</u>
Total	<u>\$ 301,442</u>	<u>\$ 18,030</u>	<u>\$ 319,472</u>

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Changes in Long-Term Debt. Long-term liability activity for the year ended June 30, 2013 is as follows:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Capital Lease	\$ 298,086	\$ 23,428	\$ 249,239	\$ 72,275	\$ 38,251
Compensated Absences	<u>903,193</u>	<u>674,030</u>	<u>636,170</u>	<u>941,053</u>	<u>235,263</u>
Governmental Activity					
Long-Term Liabilities	<u>\$ 1,201,279</u>	<u>\$ 697,458</u>	<u>\$ 885,409</u>	<u>\$ 1,013,328</u>	<u>\$ 273,514</u>
Business-Type Activities:					
2006 Utility Revenue					
Bond-Sewer Project	\$21,485,000	\$ -	\$ 505,000	\$20,980,000	\$ 525,000
2008 Utility Revenue					
Bond-Sewer Project	8,540,000	-	180,000	8,360,000	185,000
2009 Denham Springs Sewer					
District No. 1 Project	23,750,000	-	-	23,750,000	-
Capital Lease	-	253,055	23,888	229,167	48,692
Adjust for Deferred Amount:					
For Issuance Premium	204,836	-	4,931	199,905	5,131
For Issuance Discounts	<u>(263,775)</u>	<u>-</u>	<u>(2,211)</u>	<u>(261,564)</u>	<u>(2,275)</u>
Total Bonds Payable	53,716,061	253,055	711,608	53,257,508	761,548
Compensated Absences	<u>203,197</u>	<u>198,957</u>	<u>188,198</u>	<u>213,956</u>	<u>53,489</u>
Business-Type Activities					
Long-Term Liabilities	<u>\$53,919,258</u>	<u>\$ 452,012</u>	<u>\$ 899,806</u>	<u>\$53,471,464</u>	<u>\$ 815,037</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 \$16,822 of compensated absences and \$21,217 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, 2013

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, 2013:

	<u>Balance</u>			<u>Balance</u>	<u>Due</u>
	<u>June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2013</u>	<u>Within</u>
					<u>One Year</u>
Governmental Activities:					
2011A Series	\$ 30,000,000	\$ -	\$ 590,000	\$ 29,410,000	\$ 660,000
2011B Series	16,200,000	-	2,740,000	13,460,000	2,100,000
Adjust for Deferred Amount:					
Net Amount on Refunding	<u>(1,378,721)</u>	<u>-</u>	<u>(99,957)</u>	<u>(1,278,764)</u>	<u>-</u>
Long-Term Liabilities	<u>\$ 44,821,279</u>	<u>\$ -</u>	<u>\$ 3,230,043</u>	<u>\$ 41,591,236</u>	<u>\$ 2,760,000</u>

The District issued the 2007A, 2007B and the 2007C Series bonds on March 1, 2007 with a maturity date of January 1, 2037. The 2008 Series bond was 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. The 2011 Series bonds are scheduled to mature on January 1, 2037.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

At June 30, 2013, long-term debt consists of the following Sales Tax Increment Revenue Bonds dated December 1, 2011 for the 2011A and the 2011B Series:

Series 2011A Sales Tax Increment Revenue Refunding Bonds with Interest Bank Rate of 3.09% through the Initial Bank Rate Period; Convertible to Fixed Rate or Weekly Rate on January 1, 2017 with Final Maturity January 1, 2037 \$ 29,410,000

Series 2011B Sales Tax Increment Revenue Refunding Bonds with Interest Bank Rate of the multiple of 70% of the One Month LIBOR Rate plus 1.50% through the Initial Bank Rate Period; Convertible to Fixed Rate or Weekly Rate on January 1, 2017 with Final Maturity January 1, 2037 13,460,000

\$ 42,870,000

The annual requirements to amortize the bonds outstanding using estimated current interest rates of 3.09% for the Series 2011A, and 1.640% for the Series 2011B are shown in the following schedule.

Year Ending June 30,	2011 Series A		2011 Series B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 660,000	\$ 903,671	\$ 2,100,000	\$ 199,024	\$ 2,760,000	\$ 1,102,695
2015	695,000	883,006	-	186,304	695,000	1,069,310
2016	730,000	861,260	-	186,304	730,000	1,047,564
2017	765,000	838,433	-	186,304	765,000	1,024,737
2018	805,000	814,485	-	186,304	805,000	1,000,789
2019-2023	4,660,000	3,669,066	-	931,520	4,660,000	4,600,586
2024-2028	5,945,000	2,863,928	-	931,520	5,945,000	3,795,448
2029-2033	7,590,000	1,835,846	-	931,520	7,590,000	2,767,366
2034-2037	7,560,000	539,978	11,360,000	699,278	18,920,000	1,239,256
	29,410,000	13,209,673	13,460,000	4,438,078	42,870,000	17,647,751
Less: Deferred Amount on Refinancing	(878,245)	-	(400,519)	-	(1,278,764)	-
Total	<u>\$ 28,531,755</u>	<u>\$ 13,209,673</u>	<u>\$ 13,059,481</u>	<u>\$ 4,438,078</u>	<u>\$ 41,591,236</u>	<u>\$ 17,647,751</u>

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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, 2013:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Capital Lease	\$ 25,573	\$ 43,268	\$ 23,650	\$ 45,191	\$ 16,307

Capital Lease Payable The Marshal entered into a capital lease agreement on July 9, 2010, for financing the purchase of a 2010 Chevrolet Express for transporting prisoners. The lease requires monthly payments of principal and interest of \$530 for forty-eight months with a final payment due July 9, 2014. 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. The capital leases payable at June 30, 2013, 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, 2013</u>
Capital lease to finance the purchase of 2010 Chevrolet Express	\$ 22,881	5.27%	07/09/14	\$ 6,179
Capital lease to finance the purchase of two 2013 Chevrolet Impalas	\$ 43,268	5.50%	01/31/17	39,012
				<u>\$ 45,191</u>

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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>
2014	\$ 16,307	\$ 2,070	\$ 18,377
2015	10,698	1,322	12,020
2016	11,302	718	12,020
2017	<u>6,884</u>	<u>126</u>	<u>7,010</u>
Total	<u>\$ 45,191</u>	<u>\$ 4,236</u>	<u>\$ 49,427</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, 2013, customers' deposits amounted to \$977,586 and the balances of the certificate of deposit and the demand deposit account for Customers' Deposits amounted to \$1,014,376 and are included as Restricted Assets on the Statement of Net Position.

(11) Retirement Commitments -

A. Plan Descriptions, Contribution Information, and Funding Policies

Substantially all employees of the City of Denham Springs are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana, or Firefighters Retirement System of Louisiana. These systems are multiple employer (cost-sharing), public employee retirement systems (PERS), controlled and administered by separate boards of trustees. Pertinent information relative to each plan follows:

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

The following is a summary of eligibility factors, contribution methods, and benefit provisions.

	<u>Municipal Employees Retirement System of Louisiana</u>	<u>Municipal Police Employees Retirement System of Louisiana</u>	<u>Firefighters Retirement System of Louisiana</u>
Eligibility to Participate	All permanent employees working at least 35 hours per week, not covered by another pension plan, and under age 60 at date of employment and are paid wholly or in part from City funds; all elected municipal officials are also eligible to participate; all employees of the City are members of Plan B.	All full-time police department employees engaged in law enforcement are required to participate in the System.	Mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System.
Authority Establishing Contribution Obligations and Benefits	State Statute	State Statute	State Statute
Plan Members' Contribution Rate (Percent of Covered Payroll)	5.00%	10.00%	10.00%
City's Contribution Rate (Percent of Covered Payroll)	8.00%	31.00%	24.00%
Period Required to Vest	10 years	12 years	12 years

(CONTINUED)

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

	<u>Municipal Employees Retirement System of Louisiana</u>	<u>Municipal Police Employees Retirement System of Louisiana</u>	<u>Firefighters Retirement System of Louisiana</u>
Benefits and Eligibility for Distribution (Full-Time)	At or after age 60 with at least 10 years of creditable service or at or after 55 with at least 30 years of creditable service, 2% of final average salary multiplied by the years of creditable service; at least 10 years but less than 30 years of creditable service, may take early retirement benefits reduced 3% for each year retirement precedes age 60; in any case monthly retirement benefits can not exceed 100% of final average salary	25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years of creditable service and is age 55, 3 1/3% of average salary multiplied by the years of creditable service not to exceed 100% of final salary; early retirement, 20 years of service regardless of age, 3 1/3% of average salary multiplied by creditable service actuarially reduced for retirement prior to age 50.	20 years or more of creditable service and attained age 50 or 12 years of service and age 55 or 25 years of service at any age, 3 1/3% of average salary multiplied by the years of creditable service not to exceed 100% of final salary
Deferred Retirement Option	Yes, 30 years creditable service	Yes, 25 years of creditable service regardless of age or 20 years of creditable service and attaining the age of 50	Yes, after completing 20 years of creditable service

(CONTINUED)

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

	<u>Municipal Employees Retirement System of Louisiana</u>	<u>Municipal Police Employees Retirement System of Louisiana</u>	<u>Firefighters Retirement System of Louisiana</u>
Provisions for:			
Cost of Living Adjustments (Normal Retirement)	Yes	Yes	Yes
Death (Duty, Non-Duty, Post Retirement)	Yes	Yes	Yes
Disability (Duty, Non-Duty)	Yes	Yes	Yes
Cost of Living Allowances	Yes	Yes	Yes

B. Trend Information -

Contributions required by State statute:

Fiscal <u>Year</u>	<u>Municipal Employees Retirement System of Louisiana</u>		<u>Municipal Police Employees Retirement System of Louisiana</u>		<u>Firefighters Retirement System of Louisiana</u>	
	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2004	\$299,519	100%	\$275,777	100%	\$235,124	59%
2005	\$317,335	100%	\$320,036	100%	\$254,973	138%
2006	\$326,121	100%	\$251,776	100%	\$199,621	100%
2007	\$343,216	100%	\$250,519	100%	\$176,041	100%
2008	\$370,239	100%	\$317,836	100%	\$200,578	100%
2009	\$382,787	100%	\$276,065	100%	\$220,173	100%
2010	\$375,732	100%	\$314,431	100%	\$282,354	100%
2011	\$379,777	100%	\$577,439	100%	\$374,369	100%
2012	\$408,360	100%	\$646,830	100%	\$415,786	100%
2013	\$431,250	100%	\$748,946	100%	\$420,541	100%

Trend information showing the progress of the Systems in accumulating sufficient assets to pay benefits when due is presented in their annual financial reports. Copies of these reports may be obtained from the respective State retirement systems.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

(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, 2013.

At June 30, 2013, assets totaling \$867,050 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, 2013, amounted to \$43,528.

(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, 2013, the State paid supplemental salaries to the City's fire and law enforcement employees in the amount of \$363,049.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

(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. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(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, 2013. The current terms of the Mayor and Council Members expire on December 31, 2014.

James E. Durbin, Mayor 417 Centerville Street Denham Springs, Louisiana 70726 Telephone: 665-8121 - Term Began: January 1, 2011	\$ 78,718
Lori Lamm-Williams, Council Member 717 Poplar Street Denham Springs, Louisiana 70726 Telephone: 665-4462 - Term Began: January 1, 2011	\$ 12,000
Arthur Perkins, Council Member 906 Hatchell Lane Denham Springs, Louisiana 70726 Telephone: 664-6730 - Term Began: January 1, 2011	\$ 12,000
John Wascom, Council Member 522 Centerville Street Denham Springs, Louisiana 70726 Telephone: 665-7037 - Term Began: January 1, 2011	\$ 12,000
Annie M. Fugler 510 Rushing Road, W. Denham Springs, Louisiana 70726 Telephone: 665-1461 - Term Began: January 1, 2011	\$ 12,000
Christopher Davis 717 Kennedy Street Denham Springs, Louisiana 70726 Telephone: 802-6273 - Term Began: January 1, 2011	\$ 12,000

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

(17) Schedule of Business-Type Activities Net Income (Loss) from Operations
by Department for the Fiscal Year Ended June 30, 2013 -

	Gas Department	Water Department	Sewer Department	Sanitation Department	Total Utility Enterprise Fund	Denham Springs Sewer District Number 1
Operating Revenues:						
Charges for Services	\$ 3,993,655	\$ 2,780,748	\$ 2,245,428	\$ 764,432	\$ 9,784,263	\$ 931,374
Delinquent Charges	78,502	54,660	44,137	15,026	192,325	-
Miscellaneous	-	108,028	585	-	108,613	-
Total Operating Revenues	4,072,157	2,943,436	2,290,150	779,458	10,085,201	931,374
Operating Expenses:						
Direct	2,187,193	1,542,784	2,230,155	778,490	6,738,622	905,652
General and Administrative	566,884	513,080	457,930	111,583	1,649,477	96,789
Total Operating Expenses	2,754,077	2,055,864	2,688,085	890,073	8,388,099	1,002,441
Operating Income (Loss) by Department	1,318,080	887,572	(397,935)	(110,615)	1,697,102	(71,067)
Nonoperating Revenues	13,903	51,836	43,716	-	109,455	358
Nonoperating Expenses	(888)	(348,221)	(994,103)	-	(1,343,212)	(1,116,066)
Loss on Disposal of Capital Asset	-	(42,419)	(42,418)	-	(84,837)	-
Capital Contributions	-	-	147,779	-	147,779	-
Change in Net Position					526,287	(1,186,775)
Business-Type Activities						
Departmental Net Income (Loss)	<u>\$ 1,331,095</u>	<u>\$ 548,768</u>	<u>\$ (1,242,961)</u>	<u>\$ (110,615)</u>		
Change in Net Position						
Business-Type Activities					<u>\$ 526,287</u>	<u>\$ (1,186,775)</u>

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

**(18) Schedule of Business-Type Activities Operating Expenses by Department
for the Fiscal Year Ended June 30, 2013 -**

	<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>
Direct Expenses:						
Natural Gas Purchases	\$ 1,104,773	\$ -	\$ -	\$ -	\$ 1,104,773	\$ -
Direct Labor	582,966	514,120	667,705	-	1,764,791	-
Chlorinator Expense	-	30,167	-	-	30,167	-
Depreciation	159,491	536,948	1,062,495	6,769	1,765,703	480,910
Utilities	6,197	107,188	247,174	-	360,559	77,800
Equipment Expenses	127,370	74,045	113,612	-	315,027	368
Equipment Rental	5,675	24,206	8,310	-	38,191	173
Lab Fees	-	5,120	31,369	-	36,489	8,657
Maintenance	77,373	131,653	265,933	-	474,959	163,328
Meter Reading	101,022	114,103	-	-	215,125	-
Meter Repairs	10,677	-	-	-	10,677	-
Overhead Allocation	-	-	(174,416)	-	(174,416)	174,416
Small Tools and Supplies	11,649	5,234	7,973	-	24,856	-
Subcontract Disposal Service	-	-	-	771,721	771,721	-
	<u>2,187,193</u>	<u>1,542,784</u>	<u>2,230,155</u>	<u>778,490</u>	<u>6,738,622</u>	<u>905,652</u>
General and Administrative Expenses:						
Office Salaries	120,898	152,040	78,418	67,351	418,707	29,348
Payroll Taxes, Retirement and Group Insurance	194,648	177,249	185,082	19,251	576,230	8,388
Utilities	9,999	2,476	1,012	869	14,356	379
Maintenance and Repairs	5,500	-	-	-	5,500	-
Insurance	108,568	76,819	61,137	3,773	250,297	14,980
Miscellaneous	45,828	23,269	45,809	5,571	120,477	8,122
Office Expense	35,104	31,044	19,597	2,888	88,633	1,258
Professional Fees	9,847	16,003	31,039	4,210	61,099	29,164
Telephone	23,304	17,595	27,281	323	68,503	1,949
Bad Debts	13,188	16,585	8,555	7,347	45,675	3,201
	<u>566,884</u>	<u>513,080</u>	<u>457,930</u>	<u>111,583</u>	<u>1,649,477</u>	<u>96,789</u>
Total Operating Expenses	<u><u>\$ 2,754,077</u></u>	<u><u>\$ 2,055,864</u></u>	<u><u>\$ 2,688,085</u></u>	<u><u>\$ 890,073</u></u>	<u><u>\$ 8,388,099</u></u>	<u><u>\$ 1,002,441</u></u>

CITY OF DENHAM SPRINGS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

**(19) Schedule of Business-Type Activities Operating Expenses by
Function for the Fiscal Year Ended June 30, 2013 -**

	Total Utility Enterprise Fund	Denham Springs Sewer District Number 1
Personal Services and Benefits:		
Direct Labor	\$ 1,764,791	\$ -
Office Salaries	418,707	29,348
Payroll Taxes, Retirement and Group Insurance	576,230	8,388
	<u>2,759,728</u>	<u>37,736</u>
Contractual Services:		
Chlorinator Expense	30,167	-
Equipment Rental	38,191	173
Lab Fees	36,489	8,657
Meter Reading	215,125	-
Subcontract Disposal Service	771,721	-
Professional Fees	61,099	29,164
	<u>1,152,792</u>	<u>37,994</u>
Cost of Materials:		
Natural Gas Purchases	1,104,773	-
Utilities:		
Utilities (Direct)	360,559	77,800
Utilities (General)	14,356	379
Telephone	68,503	1,949
	<u>443,418</u>	<u>80,128</u>
Repair and Maintenance:		
Equipment Expenses	315,027	368
Maintenance	474,959	163,328
Meter Repairs	10,677	-
Maintenance and Repairs	5,500	-
	<u>806,163</u>	<u>163,696</u>
Supplies:		
Small Tools and Supplies	24,856	-
Office Expense	88,633	1,258
Miscellaneous	120,477	8,122
	<u>233,966</u>	<u>9,380</u>
Insurance	250,297	14,980
Depreciation	1,765,703	480,910
Overhead Allocation	(174,416)	174,416
Bad Debts	45,675	3,201
	<u>45,675</u>	<u>3,201</u>
Total Operating Expenses	<u>\$ 8,388,099</u>	<u>\$ 1,002,441</u>

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

(20) Cooperative Endeavor Agreement -

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 nd Sales Tax	1.00%	0.00000%
Livingston Parish School Board - District #1	.50%	100.00000%

(CONTINUED)

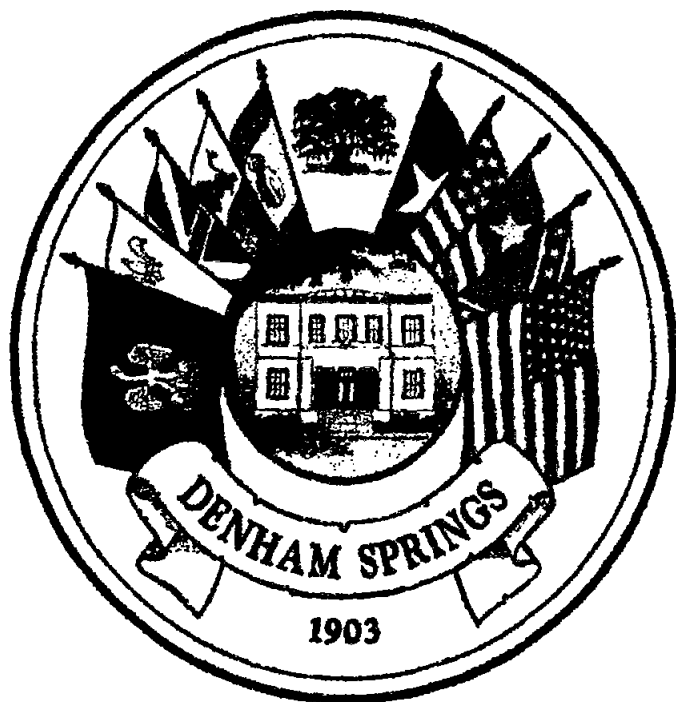
CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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

In addition, while each of the local entities pledge their sales tax revenues until the bonds are paid in full, the State of Louisiana pledged their participation for not more than 20 years from date of closing on the bonds and not to exceed \$1,500,000 per year. The bonds issued March 20, 2007 and May 27, 2008, each have a maturity schedule of 30 years. 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.



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, 2013, 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, 2013

	Capital Projects Fund	1994 Paving Certificates Debt Service Fund	Cemetery Care Permanent Fund	Witness Fee - Special Revenue Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 110,409	\$ 3,269	\$ 808,448	\$ 109,904	\$ 1,032,030
Receivables (Net of Allowance for Uncollectibles):					
Other	-	-	-	575	575
Due from Other Funds	117,380	-	-	-	117,380
Total Assets	\$ 227,789	\$ 3,269	\$ 808,448	\$ 110,479	\$ 1,149,985
LIABILITIES AND FUND BALANCES					
Accounts Payable	\$ 1,155	\$ -	\$ 120	\$ 500	\$ 1,775
Total Liabilities	1,155	-	120	500	1,775
Fund Balances:					
Nonspendable:					
Permanent Fund Principal	-	-	808,328	-	808,328
Restricted For:					
Witness Fees	-	-	-	109,979	109,979
Other Purposes	-	3,269	-	-	3,269
Assigned To:					
Capital Projects	226,634	-	-	-	226,634
Total Fund Balances	226,634	3,269	808,328	109,979	1,148,210
Total Liabilities and Fund Balances	\$ 227,789	\$ 3,269	\$ 808,448	\$ 110,479	\$ 1,149,985

The accompanying notes constitute 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, 2013

	Capital Projects Fund	1994 Paving Certificates Debt Service Fund	Cemetery Care Permanent Fund	Witness Fee - Special Revenue Fund	Total Nonmajor Governmental Funds
Revenues:					
Intergovernmental:					
Federal Grants	\$ 3,284	\$ -	\$ -	\$ -	\$ 3,284
Fees	-	-	-	29,493	29,493
Interest	20	1	1,746	179	1,946
Miscellaneous	-	-	32,220	-	32,220
Total Revenues	3,304	1	33,966	29,672	66,943
Expenditures:					
Current:					
General Government	-	-	1,490	18,497	19,987
Capital Outlay:					
Highways and Streets	181,980	-	-	-	181,980
Culture and Recreation	3,828	-	-	-	3,828
Total Expenditures	185,808	-	1,490	18,497	205,795
Excess (Deficiency) of Revenues over (under) Expenditures	(182,504)	1	32,476	11,175	(138,852)
Other Financing Sources:					
Transfers In	260,682	-	-	-	260,682
Total Other Financing Sources	260,682	-	-	-	260,682
Net Change in Fund Balances	78,178	1	32,476	11,175	121,830
Fund Balances at Beginning of Year	148,456	3,268	775,852	98,804	1,026,380
Fund Balances at End of Year	\$ 226,634	\$ 3,269	\$ 808,328	\$ 109,979	\$ 1,148,210

The accompanying notes constitute 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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ 5	\$ 5	\$ 20	\$ 15
Intergovernmental:				
Federal Grants	320,000	64,887	3,284	(61,603)
Total Revenues	320,005	64,892	3,304	(61,588)
Expenditures:				
Construction Costs and Related Expenditures	443,000	214,035	185,808	28,227
Total Expenditures	443,000	214,035	185,808	28,227
Excess (Deficiency) of Revenues Over Expenditures	(122,995)	(149,143)	(182,504)	(33,361)
Other Financing Sources:				
Transfers In	-	260,682	260,682	-
Total Other Financing Sources	-	260,682	260,682	-
Net Change in Fund Balance	(122,995)	111,539	78,178	(33,361)
Fund Balance at Beginning of Year	148,456	148,456	148,456	-
Fund Balance at End of Year	\$ 25,461	\$ 259,995	\$ 226,634	\$ (33,361)

The accompanying notes constitute an integral part of this statement.

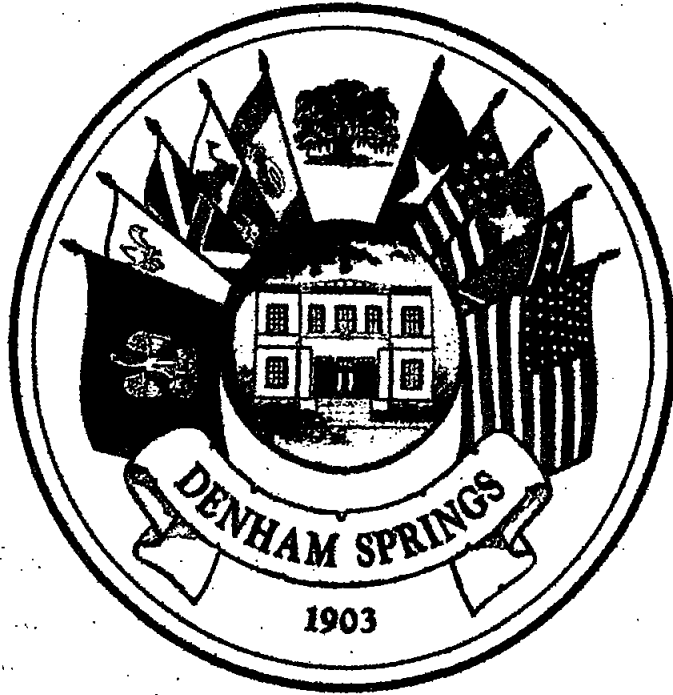
**CITY OF DENHAM SPRINGS
WITNESS FEE FUND -
SPECIAL REVENUE FUND**

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

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fees	\$ 27,040	\$ 34,620	\$ 29,493	\$ (5,127)
Interest	210	208	179	(29)
Total Revenues	27,250	34,828	29,672	(5,156)
Expenditures:				
General Government	13,673	18,323	18,497	(174)
Total Expenditures	13,673	18,323	18,497	(174)
Net Change in Fund Balance	13,577	16,505	11,175	(5,330)
Fund Balance at Beginning of Year	98,804	98,804	98,804	-
Fund Balance at End of Year	\$ 112,381	\$ 115,309	\$ 109,979	\$ (5,330)

The accompanying notes constitute an integral part of this statement.



CITY OF DENHAM SPRINGS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS¹
SCHEDULE BY SOURCE

JUNE 30, 2013

Governmental Funds Capital Assets:

Land and Right-of-Ways	\$ 1,270,876
Land Improvements	45,655
Buildings	5,168,244
Equipment	6,358,431
Infrastructure	5,420,532
Construction in Progress	<u>28,543</u>
Total Capital Assets	<u>\$ 18,292,281</u>

Investments in Governmental Funds Capital Assets by Source:

General Fund Revenues	\$ 7,131,840
Federal Revenues and Federal Grants	900,111
Donated Infrastructure	620,558
Capital Improvement Funds:	
City's Share of Cost:	
General Fund	6,303,936
Federal Revenue Sharing	201,482
Federal Grants	1,023,687
State Grants	<u>2,110,667</u>
Total Investment in Capital Assets	<u>\$ 18,292,281</u>

¹This 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 constitute an integral part of this statement.

CITY OF DENHAM SPRINGS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY¹

JUNE 30, 2013

	<u>Land and Right- of-Ways</u>	<u>Improvements Other Than Buildings</u>	<u>Buildings</u>
Function and Activity:			
General Government:			
General Government Buildings	\$ 415,439	\$ 13,950	\$ 1,707,554
Administration	593,355	-	-
Cemetery	2,000	11,002	10,313
Tax	-	-	-
Planning and Development	-	-	-
Public Service Workers	-	-	10,647
Total General Government	1,010,794	24,952	1,728,514
Public Safety:			
Animal Control	1,500	11,750	84,133
Fire	8,250	-	548,842
Police	201,482	8,953	1,475,445
Litter Control	-	-	-
Total Public Safety	211,232	20,703	2,108,420
Highways and Streets:			
Streets	2,748	-	10,329
Health:			
Council on Aging	-	-	370,890
Culture and Recreation:			
Tourism	-	-	950,091
Parks	46,102	-	-
Total Culture and Recreation	46,102	-	950,091
Total Governmental Funds Capital Assets Allocated to Functions	\$ 1,270,876	\$ 45,655	\$ 5,168,244

¹This 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 constitute an integral part of this statement.

<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
\$ -	\$ -	\$ 2,136,943
411,836	-	1,005,191
33,222	-	56,537
5,743	-	5,743
38,959	-	38,959
-	-	10,647
<u>489,760</u>	-	<u>3,254,020</u>
82,006	-	179,389
2,377,952	-	2,935,044
2,025,064	-	3,710,944
<u>24,330</u>	-	<u>24,330</u>
4,509,352	-	6,849,707
1,352,352	4,876,196	6,241,625
-	-	370,890
-	168,253	1,118,344
<u>6,967</u>	<u>376,083</u>	<u>429,152</u>
<u>6,967</u>	<u>544,336</u>	<u>1,547,496</u>
<u>\$ 6,358,431</u>	<u>\$ 5,420,532</u>	18,263,738
Construction in Progress		<u>28,543</u>
		<u>\$ 18,292,281</u>

CITY OF DENHAM SPRINGS

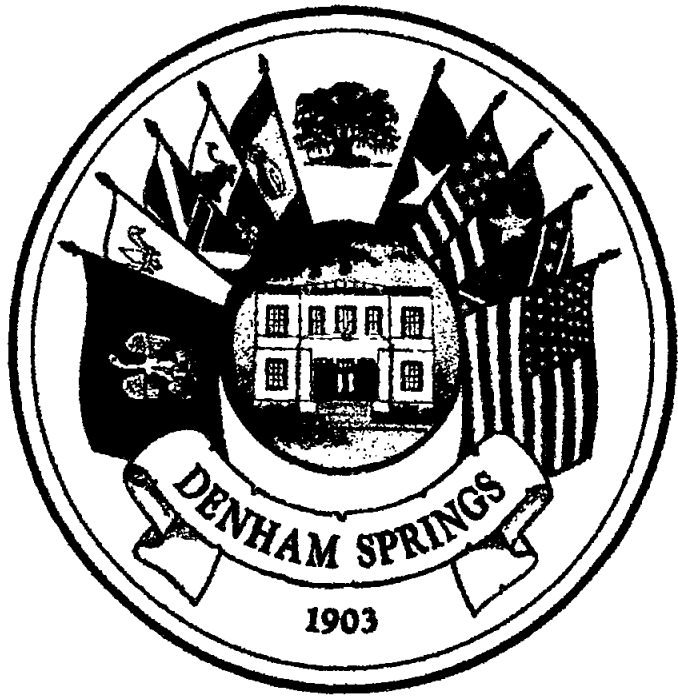
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY¹

FOR THE YEAR ENDED JUNE 30, 2013

Function and Activity:	Governmental	Transfers	Additions	Deductions	Governmental
	Funds Capital Assets 6/30/12				Funds Capital Assets 6/30/13
General Government:					
General Government Buildings	\$ 2,111,524	\$ -	\$ 25,419	\$ -	\$ 2,136,943
Administration	1,005,191	-	-	-	1,005,191
Cemetery	56,537	-	-	-	56,537
Tax	5,743	-	-	-	5,743
Planning and Development	37,847	-	1,624	512	38,959
Public Service Workers	10,647	-	-	-	10,647
Total General Government	3,227,489	-	27,043	512	3,254,020
Public Safety:					
Animal Control	172,299	-	7,090	-	179,389
Fire	2,948,058	-	6,971	19,985	2,935,044
Police	3,870,622	-	10,496	170,174	3,710,944
Litter Control	24,330	-	-	-	24,330
Total Public Safety	7,015,309	-	24,557	190,159	6,849,707
Highways and Streets:					
Streets	6,223,026	-	18,599	-	6,241,625
Health:					
Council on Aging	370,890	-	-	-	370,890
Culture and Recreation:					
Tourism	1,118,344	-	-	-	1,118,344
Parks	365,240	17,810	46,102	-	429,152
Total Culture and Recreation	1,483,584	17,810	46,102	-	1,547,496
Construction in Progress	25,867	(17,810)	32,371	11,885	28,543
Total Governmental Funds Capital Assets	\$ 18,346,165	\$ -	\$ 148,672	\$ 202,556	\$ 18,292,281

¹This 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 constitute an integral part of this statement.



SUPPLEMENTARY SCHEDULE

CITY OF DENHAM SPRINGS

SCHEDULE OF INSURANCE COVERAGE IN FORCE

JUNE 30, 2013

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
CNA Surety	Public Official Bonds		
	Mayor; James Durbin	\$ 50,000	1/01/14
	Council Members:		
	Arthur Perkins	\$ 10,000	1/12/14
	Christopher Davis	\$ 10,000	1/01/14
	Ann M. Fugler	\$ 10,000	1/01/14
	John B. Wascom	\$ 10,000	1/01/14
	Lori Lamm-Williams	\$ 10,000	1/01/14
	Public Employees Blanket Bond:		
	City Treasurer:		
Clarence Speed	\$ 50,000	12/11/13	
City Clerk:			
Joan LeBlanc	\$ 50,000	2/06/14	
Hanover Insurance Company	Property and Casualty Coverage -		
	90% Co-Insurance:		
	Municipal Building	\$ 1,625,000	
	Contents	\$ 474,000	
	Boiler and Machinery	\$ 1,175,000	7/01/13
	<u>941 Government Street</u>		
	Steel Water Tank and Tower	\$ 258,000	7/01/13
	<u>110 Brignac Street</u>		
	Council on Aging Buildings	\$ 835,000	7/01/13
	<u>949 Government Street</u>		
Fire Station Building	\$ 265,000		
Contents	\$ 11,000	7/01/13	
<u>1100 Hatchell Lane</u>			

(CONTINUED)

CITY OF DENHAM SPRINGS

SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2013

<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	7/01/13
	<u>27135 La. Hwy. 16</u>		
	Police Station and Jail Facility	\$1,420,000	
	Contents	\$ 155,000	7/01/13
	<u>447 Lamm Street</u>		
	Fire Station Building	\$ 358,000	
	Contents	\$ 13,000	7/01/13
	<u>930 Government Street</u>		
	Sewer Building	\$ 73,660	
	Contents	\$ 15,000	7/01/13
	<u>9150 Forest Delatte Road</u>		
	Street Dept. Maintenance Building	\$ 50,000	
Contents	\$ 2,000	7/01/13	
<u>600-A Bowman St.</u>			
Street Dept. Old Office Building	\$ 50,000		
Contents	\$ 2,000	7/01/13	
<u>600-B Bowman St.</u>			
Animal Control Buildings	\$ 59,000		
Contents	\$ 2,000	7/01/13	
<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, 2013

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

(CONTINUED)

CITY OF DENHAM SPRINGS

SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2013

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
America First Insurance Company	Sewer Treatment Plant		
	Scheduled Buildings	\$ 136,005	7/01/13
	Scheduled Equipment	\$ 4,138,381	7/01/13
	<u>9300 Forest Delatte Road</u>		
Louisiana Workers' Compensation Corporation	Workmen's Compensation Statutory		7/01/13
Risk Management	General Liability	\$ 500,000	7/01/13
	Law Enforcement Professional Liability	\$ 500,000	7/01/13
Risk Management	Public Officials and Employees Liability Errors and Omissions	\$ 500,000	7/01/13
Risk Management	Business Auto Liability	\$ 500,000	7/01/13
Essex Insurance	Vehicle Physical Damage - Except Fire	Actual Cash Value	7/01/13
VFIS, Inc.	Vehicle Physical Damage - Fire	Actual Cash Value	7/01/13
National Flood Services	Flood Insurance:		
	Fire Station Building	\$ 30,800	
	Contents	\$ 21,000	7/01/13
	<u>930 Government Street</u>		
	Youth Services Office Building	\$ 60,500	
	Contents	\$ 21,000	7/01/13
	<u>940 Government Street</u>		
Municipal Building	\$ 260,200		
Contents	\$ 44,100	7/01/13	
	<u>941 Government Street</u>		

(CONTINUED)

CITY OF DENHAM SPRINGS

SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2013

<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	7/01/13
	<u>949 Government Street</u>		
	Fire Station Building	\$ 30,800	
	Contents	\$ 21,000	7/01/13
	<u>1100 Hatchell Lane</u>		
	Police Station and Jail Facility	\$ 275,000	
	Contents	\$ 21,000	7/01/13
	<u>447 Lamm Street</u>		
	Animal Control Center Building	\$ 17,600	7/01/13
	<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 111

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 121

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

Debt Capacity 128

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 136

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 139

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			
	2004	2005	2006	2007
Governmental Activities:				
Net Investment in				
Capital Assets	\$ 6,779,590	\$ 6,490,262	\$ 6,228,263	\$ 6,191,695
Restricted	511,938	584,208	609,473	653,851
Unrestricted	2,482,491	2,833,417	4,283,337	4,922,837
Total Governmental Activities - Net Position	<u>\$ 9,774,019</u>	<u>\$ 9,907,887</u>	<u>\$ 11,121,073</u>	<u>\$ 11,768,383</u>
Business-Type Activities:				
Net Investment in				
Capital Assets	\$ 15,204,106	\$ 15,123,675	\$ 15,086,106	\$ 15,593,805
Restricted	-	-	-	-
Unrestricted (Deficit)	502,195	46,759	329,607	291,250
Total Business-Type Activities - Net Position	<u>\$ 15,706,301</u>	<u>\$ 15,170,434</u>	<u>\$ 15,415,713</u>	<u>\$ 15,885,055</u>
Primary Government:				
Net Investment in				
Capital Assets	\$ 21,983,696	\$ 21,613,937	\$ 21,314,369	\$ 21,785,500
Restricted	511,938	584,208	609,473	653,851
Unrestricted (Deficit)	2,984,686	2,880,176	4,612,944	5,214,087
Total Primary Government - Net Position	<u>\$ 25,480,320</u>	<u>\$ 25,078,321</u>	<u>\$ 26,536,786</u>	<u>\$ 27,653,438</u>

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 8,417,766	\$ 8,531,386	\$ 8,505,809	\$ 8,303,719	\$ 8,471,515	\$ 8,151,415
710,734	746,414	796,122	839,347	877,924	921,576
<u>2,873,200</u>	<u>3,204,835</u>	<u>2,886,737</u>	<u>2,328,944</u>	<u>1,855,098</u>	<u>1,907,078</u>
<u>\$ 12,001,700</u>	<u>\$ 12,482,635</u>	<u>\$ 12,188,668</u>	<u>\$ 11,472,010</u>	<u>\$ 11,204,537</u>	<u>\$ 10,980,069</u>
\$ 19,700,130	\$ 19,710,756	\$ 15,000,218	\$ 17,939,388	\$ 16,891,492	\$ 16,210,790
-	-	-	3,993	4,045	25
<u>(3,642,691)</u>	<u>(1,460,181)</u>	<u>326,220</u>	<u>(755,714)</u>	<u>(427,300)</u>	<u>(403,066)</u>
<u>\$ 16,057,439</u>	<u>\$ 18,250,575</u>	<u>\$ 15,326,438</u>	<u>\$ 17,187,667</u>	<u>\$ 16,468,237</u>	<u>\$ 15,807,749</u>
\$ 28,117,896	\$ 28,242,142	\$ 23,506,027	\$ 26,243,107	\$ 25,363,007	\$ 24,362,205
710,734	746,414	796,122	843,340	881,969	921,601
<u>(769,491)</u>	<u>1,744,654</u>	<u>3,212,957</u>	<u>1,573,230</u>	<u>1,427,798</u>	<u>1,504,012</u>
<u>\$ 28,059,139</u>	<u>\$ 30,733,210</u>	<u>\$ 27,515,106</u>	<u>\$ 28,659,677</u>	<u>\$ 27,672,774</u>	<u>\$ 26,787,818</u>

CITY OF DENHAM SPRINGS

CHANGE IN NET POSITION

Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2004	2005	2006	2007
Expenses				
Governmental Activities:				
General Government	\$ 1,724,664	\$ 1,633,653	\$ 1,665,220	\$ 1,771,741
Public Safety	4,697,707	4,647,126	5,132,885	5,318,674
Highways and Streets	1,087,286	1,605,126	1,479,561	3,692,535
Health	47,841	79,185	83,613	86,423
Culture and Recreation	28,786	16,129	6,364	5,848
Interest on Long-Term Indebtedness	4,941	4,831	3,591	5,518
Total Governmental Activities Expenses	7,591,225	7,986,050	8,371,234	10,880,739
Business-Type Activities:				
Gas	2,900,226	3,115,223	4,094,315	3,508,527
Water	1,111,721	1,135,918	1,227,451	1,292,457
Sewer	1,453,480	1,457,006	1,421,191	1,475,803
Sanitation	603,848	643,577	690,826	746,293
Total Business-Type Activities	6,069,275	6,351,724	7,433,783	7,023,080
Total Primary Government Expenses	\$ 13,660,500	\$ 14,337,774	\$ 15,805,017	\$ 17,903,819
Program Revenues				
Governmental Activities:				
Charges for Services:				
Public Safety	\$ 437,093	\$ 535,046	\$ 582,442	\$ 528,019
Highways and Streets	13,364	13,364	13,364	13,364
Culture and Recreation	-	-	-	-
Operating Grants and Contributions	303,567	301,763	794,018	306,493
Capital Grants and Contributions	389	295,044	103,925	2,141,638
Total Governmental Activities Program Revenues	754,413	1,145,217	1,493,749	2,989,514
Business-Type Activities:				
Charges for Services:				
Natural Gas	2,892,008	3,131,850	4,312,500	3,666,729
Water	1,089,420	1,192,263	1,292,098	1,568,829
Sewer	573,976	726,960	741,939	1,034,775
Sanitation	560,835	583,231	594,368	618,554
Operating Grants and Contributions	-	-	183,981	-
Capital Grants and Contributions	179,507	32,105	83,576	208,735
Total Business-Type Activities Program Revenues	5,295,746	5,666,409	7,208,462	7,097,622
Total Primary Government Programs Revenues	\$ 6,050,159	\$ 6,811,626	\$ 8,702,211	\$ 10,087,136
Net Expense/Revenue				
Governmental Activities	\$ (6,836,812)	\$ (6,840,833)	\$ (6,877,485)	\$ (7,891,225)
Business-Type Activities	(773,529)	(685,315)	(225,321)	74,542
Total Primary Government Net Expense	\$ (7,610,341)	\$ (7,526,148)	\$ (7,102,806)	\$ (7,816,683)

(CONTINUED)

Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ 2,247,954	\$ 2,001,415	\$ 2,067,324	\$ 2,049,444	\$ 2,076,944	\$ 2,095,813	
6,498,239	6,501,384	6,559,364	6,818,702	6,930,110	6,947,554	
5,227,848	5,665,185	1,765,577	2,406,333	1,927,226	1,995,902	
89,043	87,189	78,210	82,048	52,623	44,438	
8,097	47,985	95,680	94,656	134,582	147,513	
9,364	64,051	38,190	27,237	18,977	9,489	
14,080,545	14,367,209	10,604,345	11,478,420	11,140,462	11,240,709	
3,933,171	3,645,980	3,492,599	3,260,737	2,568,005	2,754,965	
1,882,160	1,600,633	2,173,325	2,384,053	2,417,291	2,446,504	
1,830,952	1,986,382	3,636,328	3,839,131	5,233,099	5,843,113	
796,411	837,536	848,089	881,472	884,991	890,073	
8,442,694	8,070,531	10,150,341	10,365,393	11,103,386	11,934,655	
\$ 22,523,239	\$ 22,437,740	\$ 20,754,686	\$ 21,843,813	\$ 22,243,848	\$ 23,175,364	
\$ 650,153	\$ 619,044	\$ 817,367	\$ 721,118	\$ 663,914	\$ 764,673	
14,660	14,510	14,510	14,510	12,850	12,850	
-	-	-	-	-	-	
344,400	4,394,359	447,024	853,316	518,005	765,552	
3,532,821	139,634	203,621	276,453	563,364	29,762	
4,542,034	5,167,547	1,482,522	1,865,397	1,758,133	1,572,837	
4,195,400	4,391,189	4,320,370	3,854,570	3,560,357	4,072,157	
1,946,603	2,261,158	2,240,377	2,332,431	2,879,773	2,943,436	
1,536,795	2,537,311	2,458,704	2,424,324	3,000,401	3,221,524	
677,995	733,631	729,993	751,127	791,828	779,458	
-	143,268	-	-	30,750	75,253	
194,133	151,022	57,988	2,761,000	281,339	147,779	
8,550,926	10,217,579	9,807,432	12,123,452	10,544,448	11,239,607	
\$ 13,092,960	\$ 15,385,126	\$ 11,289,954	\$ 13,988,849	\$ 12,302,581	\$ 12,812,444	
\$ (9,538,511)	\$ (9,199,662)	\$ (9,121,823)	\$ (9,613,023)	\$ (9,382,329)	\$ (9,667,872)	
108,232	2,147,048	(342,909)	1,758,059	(558,938)	(695,048)	
\$ (9,430,279)	\$ (7,052,614)	\$ (9,464,732)	\$ (7,854,964)	\$ (9,941,267)	\$ (10,362,920)	

CITY OF DENHAM SPRINGS

CHANGE IN NET POSITION - CONTINUED

Last Ten Fiscal Years
(Accrual Basis of Accounting)

General Revenues and Other Changes in Net Position	Fiscal Year			
	2004	2005	2006	2007
Governmental Activities:				
Taxes:				
Property	\$ 169,727	\$ 185,288	\$ 184,153	\$ 181,812
Sales	4,837,302	5,121,821	6,271,458	6,557,726
Occupational and permits	718,200	775,811	824,833	917,389
Franchise	663,061	659,478	831,587	798,040
Miscellaneous	169,313	192,417	217,156	187,406
Interest Income	37,059	47,348	91,202	200,730
Transfer from Component Unit	-	42,538	-	-
Transfers	-	(50,000)	(329,718)	(304,568)
Gain on Sale of Asset	2,526	-	-	-
Total Governmental Activities	6,597,188	6,974,701	8,090,671	8,538,535
Business-Type Activities:				
Miscellaneous	17,399	70,547	81,479	31,914
Interest Income	15,741	28,901	59,403	58,318
Transfers	-	50,000	329,718	304,568
Special Item	-	-	-	-
Total Business-Type Activities	33,140	149,448	470,600	394,800
Total Primary Government	\$ 6,630,328	\$ 7,124,149	\$ 8,561,271	\$ 8,933,335
Change in Net Position				
Governmental Activities	\$ (239,624)	\$ 133,868	\$ 1,213,186	\$ 647,310
Business-Type Activities	(740,389)	(535,867)	245,279	469,342
Total Primary Government	\$ (980,013)	\$ (401,999)	\$ 1,458,465	\$ 1,116,652

Schedule 3
(Continued)

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 187,707	\$ 205,201	\$ 206,395	\$ 215,189	\$ 210,351	\$ 218,788
6,856,653	6,921,858	6,310,540	6,343,589	6,627,015	6,904,506
984,586	981,531	983,098	959,812	996,867	1,021,659
860,134	870,836	764,639	797,798	736,292	709,917
756,132	672,517	551,082	571,449	538,527	584,829
126,616	28,654	12,102	8,527	5,804	3,705
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,771,828	9,680,597	8,827,856	8,896,364	9,114,856	9,443,404
9,544	15,980	57,330	91,277	20,539	25,549
54,608	30,108	14,149	11,893	11,332	9,011
-	-	-	-	-	-
-	-	(2,652,707)	-	(192,363)	-
64,152	46,088	(2,581,228)	103,170	(160,492)	34,560
\$ 9,835,980	\$ 9,726,685	\$ 6,246,628	\$ 8,999,534	\$ 8,954,364	\$ 9,477,964
\$ 233,317	\$ 480,935	\$ (293,967)	\$ (716,659)	\$ (267,473)	\$ (224,468)
172,384	2,193,136	(2,924,137)	1,861,229	(719,430)	(660,488)
\$ 405,701	\$ 2,674,071	\$ (3,218,104)	\$ 1,144,570	\$ (986,903)	\$ (884,956)

CITY OF DENHAM SPRINGS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2004	2005	2006	2007
General Fund				
Nonspendable:				
Prepaid Insurance	\$ -	\$ -	\$ -	\$ -
Unassigned	<u>1,976,136</u>	<u>2,522,300</u>	<u>3,983,508</u>	<u>4,830,519</u>
Total General Fund	<u>\$ 1,976,136</u>	<u>\$ 2,522,300</u>	<u>\$ 3,983,508</u>	<u>\$ 4,830,519</u>
All Other Governmental Funds				
Nonspendable:				
Permanent Fund Principal	\$ 508,826	\$ 536,679	\$ 557,781	\$ 599,029
Restricted For:				
Witness Fees	-	44,415	48,544	51,581
Other Purposes	3,112	3,114	3,148	3,241
Assigned To:				
Capital Projects	<u>769,330</u>	<u>553,876</u>	<u>503,665</u>	<u>369,306</u>
Total All Other Governmental Funds	<u>\$ 1,281,268</u>	<u>\$ 1,138,084</u>	<u>\$ 1,113,138</u>	<u>\$ 1,023,157</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					
2008	2009	2010	2011	2012	2013
\$ -	\$ -	\$ -	\$ 125,342	\$ 172,462	\$ 112,097
<u>2,828,039</u>	<u>3,466,081</u>	<u>3,218,813</u>	<u>2,617,281</u>	<u>2,107,487</u>	<u>2,178,728</u>
<u>\$ 2,828,039</u>	<u>\$ 3,466,081</u>	<u>\$ 3,218,813</u>	<u>\$ 2,742,623</u>	<u>\$ 2,279,949</u>	<u>\$ 2,290,825</u>
\$ 650,680	\$ 677,899	\$ 717,816	\$ 752,020	\$ 775,852	\$ 808,328
56,799	65,252	76,040	84,060	98,804	109,979
3,255	3,263	3,266	3,267	3,268	3,269
<u>337,678</u>	<u>93,904</u>	<u>117,626</u>	<u>112,633</u>	<u>148,456</u>	<u>226,634</u>
<u>\$ 1,048,412</u>	<u>\$ 840,318</u>	<u>\$ 914,748</u>	<u>\$ 951,980</u>	<u>\$ 1,026,380</u>	<u>\$ 1,148,210</u>

CITY OF DENHAM SPRINGS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2004	2005	2006	2007
Revenues:				
Taxes	\$ 5,711,381	\$ 6,006,744	\$ 7,328,233	\$ 7,579,393
Licenses and Permits	718,200	775,811	824,833	917,389
Fines and Forfeits	308,716	401,421	431,280	372,193
Interest	36,305	46,198	90,170	197,281
Fees	30,237	136,931	150,263	154,168
Intergovernmental	330,805	626,452	933,814	2,480,463
Special Assessments	389	-	-	-
Miscellaneous	212,076	132,673	151,228	128,189
Total Revenues	7,348,109	8,126,230	9,909,821	11,829,076
Expenditures:				
Current:				
General Government	1,678,063	1,553,124	1,592,712	1,776,712
Public Safety	4,449,788	4,493,449	5,123,758	5,424,584
Highways and Streets	1,116,727	1,067,247	1,134,207	1,227,004
Health	47,841	79,185	83,613	86,423
Culture and Recreation	28,786	16,129	6,364	5,848
Capital Outlay				
General Government	-	-	-	45,750
Public Safety	113,258	-	-	-
Highways and Streets	123,627	468,423	164,956	2,239,966
Culture and Recreation	-	-	-	-
Debt Service:				
Principal Retirement	26,918	33,400	34,640	61,841
Interest	4,941	4,831	3,591	5,518
Total Expenditures	7,589,949	7,715,788	8,143,841	10,873,646
Excess of Revenues Over (Under)				
Expenditures	(241,840)	410,442	1,765,980	955,430
Other Financing Sources (Uses)				
Capital Leases	174,485	-	-	106,168
Proceeds From Sale of Fixed Assets	2,526	-	-	-
Transfers In	320,000	42,538	-	-
Transfers Out	(320,000)	(50,000)	(329,718)	(304,568)
Total Other Financing Sources (Uses)	177,011	(7,462)	(329,718)	(198,400)
Net Change in Fund Balances	\$ (64,829)	\$ 402,980	\$ 1,436,262	\$ 757,030
Debt Service as a Percentage of Noncapital Expenditures	0.45%	0.51%	0.48%	0.66%

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 7,978,838	\$ 8,381,213	\$ 7,648,359	\$ 7,705,488	\$ 7,913,056	\$ 8,128,576
984,586	981,531	983,098	959,812	996,867	1,021,659
442,529	474,065	757,852	658,025	606,737	707,249
125,589	27,825	11,934	8,408	5,715	3,613
160,969	145,556	55,275	57,549	50,744	52,909
3,909,975	4,565,078	680,638	1,072,271	1,008,583	821,121
-	-	-	-	-	-
710,349	270,351	173,054	300,089	291,198	306,231
14,312,835	14,845,619	10,310,210	10,761,642	10,872,900	11,041,358
2,891,831	1,943,669	1,965,060	1,952,557	2,039,948	2,034,979
6,899,834	7,148,230	6,444,582	6,450,485	6,626,668	6,618,034
1,649,499	5,409,480	1,557,264	1,537,640	1,614,129	1,624,567
89,043	87,189	78,210	82,048	52,623	44,438
11,510	29,992	70,903	73,787	86,196	141,423
653,753	278,400	17,000	-	-	-
-	-	-	-	-	-
4,113,006	173,038	80,115	628,305	523,278	181,980
-	-	-	235,807	175,213	3,828
97,646	273,800	228,731	209,594	220,214	247,028
9,364	51,164	41,183	30,378	22,405	12,375
16,415,486	15,394,962	10,483,048	11,200,601	11,360,674	10,908,652
(2,102,651)	(549,343)	(172,838)	(438,959)	(487,774)	132,706
125,426	979,291	-	-	99,500	-
-	-	-	-	-	-
1,199,062	-	98,591	337,158	235,353	260,682
(1,199,062)	-	(98,591)	(337,158)	(235,353)	(260,682)
125,426	979,291	-	-	99,500	-
<u>\$ (1,977,225)</u>	<u>\$ 429,948</u>	<u>\$ (172,838)</u>	<u>\$ (438,959)</u>	<u>\$ (388,274)</u>	<u>\$ 132,706</u>
<u>0.79%</u>	<u>2.35%</u>	<u>2.71%</u>	<u>2.23%</u>	<u>2.32%</u>	<u>2.41%</u>

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
2004	\$ 169,727	\$ 4,837,302	\$ 663,061	\$ 718,200	\$ -	\$ 6,388,290
2005	185,288	5,121,821	659,478	775,811	-	6,742,398
2006	184,153	6,271,458	831,587	824,833	-	8,112,031
2007	181,812	6,557,726	798,040	917,389	-	8,454,967
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

CITY OF DENHAM SPRINGS

ASSESSED AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY

Last Ten Years

<u>Year</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio of Total Assessed Value to Total Estimated Actual Value*</u>
2004	\$ 53,467,960	\$ 486,072,364	11%
2005	62,106,950	564,608,636	11
2006	63,370,620	576,096,545	11
2007	64,885,680	589,869,818	11
2008	67,237,330	611,248,455	11
2009	74,931,120	681,192,000	11
2010	77,068,540	700,623,091	11
2011	78,768,530	716,077,545	11
2012	77,289,790	702,634,455	11
2013	79,817,110	725,610,091	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>Parishwide¹</u>	<u>Drainage District #1</u>	<u>Recreation District #3</u>	<u>Law Enforcement District</u>	<u>Juvenile Detention Center</u>	
2004	3.13	3.13	42.09	5.00	20.00	12.51	3.00	82.60
2005	3.00	3.00	40.67	4.60	16.49	12.51	3.00	77.27
2006	2.92	2.92	42.98	4.60	16.49	12.51	3.00	79.58
2007	2.84	2.84	42.88	4.60	20.00	12.51	3.00	82.99
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

¹Parishwide - 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

<u>Operational Millage</u>	<u>Additional Support Millage</u>	<u>Maintenance Millage</u>	<u>Construction Millage</u>	<u>Debt Service Millage</u>	<u>Total School Millages</u>	<u>Total Direct and Overlapping Rates</u>
3.29	7.18	7.00	5.00	14.85	37.32	123.05
3.29	7.18	7.00	5.00	10.50	32.97	113.24
3.29	7.18	7.00	5.00	7.10	29.57	112.07
3.29	7.18	7.00	5.00	6.73	29.20	115.03
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

CITY OF DENHAM SPRINGS
PRINCIPAL PROPERTY TAXPAYERS

June 30, 2013

Rank	Name of Taxpayer	Type of Business	2013	
			Assessed Valuation	Percentage of Total Taxable Assessed Value
1	Walmart Louisiana, LLC #935	Retail	\$ 2,832,650	3.55 %
2	All Star Dealership Properties	Auto Dealership	2,706,940	3.39
3	Sam's East, Inc.	Retail	2,175,880	2.73
4	Bass Pro Outdoor World	Retail	1,705,750	2.14
5	Home Depot #0375	Retail	1,600,740	2.01
6	Cox Com, Inc.	Telecommunications	1,279,050	1.60
7	Capital One Bank	Bank	1,111,280	1.39
8	Spring Park Property Owner, LLC	Real Estate	897,350	1.12
9	Bellsouth Communications	Telecommunications	884,060	1.11
10	Entergy Gulf States, LLC	Public Utility	872,550	1.09
			<u>\$ 16,066,250</u>	<u>20.13 %</u>

Source: Livingston Parish Assessor's Office.

The City of Denham Springs did not accumulate this information prior to 2006.

CITY OF DENHAM SPRINGS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Total Tax Levy For Fiscal Year</u>	<u>Collected Within the Fiscal Year of Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2004	\$ 167,353	\$ 165,481	98.88%	\$ 2,596	\$ 168,077	100.43%
2005	186,321	182,692	98.05	5,963	188,655	101.25
2006	185,040	178,190	96.30	2,226	180,416	97.50
2007	184,470	180,930	98.08	2,586	183,516	99.48
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	-	213,381	97.28

CITY OF DENHAM SPRINGS

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

LAST TEN FISCAL YEARS

Standard Industrial Classification Code	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Agriculture, Forestry, and Fishing	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mining	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Construction	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Manufacturing	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Transportation and Public Utilities	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Wholesale Trade	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other Retail Trade	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vehicle	18,491	18,873	22,733	30,770	26,604	21,469	20,154	21,758	20,324	23,540
Food Stores	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Finance, Insurance, and Real Estate	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Services	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Public Administration	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

CITY OF DENHAM SPRINGS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities			Business - Type Activities	
	General Obligation Bonds	Certificates of Indebtedness	Capital Lease	Revenue Bonds	Capital Lease
2004	\$ -	\$ -	\$ 147,567	385,623	\$ -
2005	-	-	114,167	160,144	-
2006	-	-	79,527	-	-
2007	-	-	123,854	23,992,264	-
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

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

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

Schedule 12

<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Population¹</u>	<u>Per Capita</u>
\$ 533,190	N/A	9,913	\$ 53.79
274,311	N/A	10,167	26.98
79,527	N/A	10,217	7.78
24,116,118	N/A	10,342	2,331.86
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

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>
2004	-	-	-	N/A	N/A
2005	-	-	-	N/A	N/A
2006	-	-	-	N/A	N/A
2007	-	-	-	N/A	N/A
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

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 17.

CITY OF DENHAM SPRINGS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

JUNE 30, 2013

	Gross Debt Outstanding	Amounts In Debt Service Fund For Principal	Net Debt Outstanding	City of Denham Springs	
				Estimated Percentage Applicable ¹	Share of Debt
<u>GOVERNMENTAL UNIT - Direct Debt</u>					
City of Denham Springs	\$ 72,275	\$ -	\$ 72,275	100%	\$ 72,275
<u>OTHER GOVERNMENTAL AGENCIES - Overlapping Debt</u>					
School District #1	\$ 21,890,000	\$ 1,194,179	\$ 20,695,821	31%	\$ 6,415,705
Library Bonds	7,010,000	1,976,180	5,033,820	12%	604,058
Livingston Parish -					
Recreation District No. 3	8,205,000	865,411	7,339,589	39%	2,862,440
Recreation District No. 3	750,000	559,176	190,824	39%	74,421
Total Other Governmental Agencies	<u>\$ 37,855,000</u>	<u>\$ 4,594,946</u>	<u>\$ 33,260,054</u>		<u>\$ 9,956,624</u>
Total Direct and Overlapping Debt	<u>\$ 37,927,275</u>	<u>\$ 4,594,946</u>	<u>\$ 33,332,329</u>		<u>\$ 10,028,899</u>
2013 Population					<u>10,129</u>
Per Capita					<u>\$ 990</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.

¹ 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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt Limit	\$ 5,346,796	\$ 6,210,695	\$ 6,337,620	\$ 6,488,568
Total Net Debt Applicable to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 5,346,796</u>	<u>\$ 6,210,695</u>	<u>\$ 6,337,620</u>	<u>\$ 6,488,568</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 6,723,733	\$ 7,493,112	\$ 7,706,854	\$ 7,876,853	\$ 7,728,979	\$ 7,981,711
-	-	-	-	-	-
<u>\$ 6,723,733</u>	<u>\$ 7,493,112</u>	<u>\$ 7,706,854</u>	<u>\$ 7,876,853</u>	<u>\$ 7,728,979</u>	<u>\$ 7,981,711</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 2013

Total Assessed Value	<u>\$ 79,817,110</u>
Debt Limit (10% of Total Assessed Value)	\$ 7,981,711
Less: Debt Applicable to Limit: General Obligation Bonds	<u>-</u>
Legal Debt Margin	<u>\$ 7,981,711</u>

CITY OF DENHAM SPRINGS

PLEGDED REVENUE COVERAGE

Last Ten Years

Year	Gross Revenue ¹	Other Financial Sources ³	Expenses ²	Utility Revenue Bonds		
				Available for Debt Service	Debt Service	
					Principal	Interest
2004	\$ 5,149,379	\$ -	\$ 5,383,330	\$ (233,951)	\$ 229,310	\$ 40,329
2005	5,733,752	50,000	5,687,654	96,098	225,479	23,706
2006	7,265,768	329,718	6,764,455	831,031	160,144	8,648
2007	6,979,119	304,568	6,353,047	930,640	-	-
2008	9,021,392	-	7,649,322	1,372,070	450,000	1,051,364 ⁴
2009	10,316,018	-	7,221,571	3,094,447	480,000	1,402,730 ⁴
2010	9,825,063	-	7,351,375	2,473,688	615,000	2,067,006 ⁵
2011	9,563,886	-	7,162,349	2,401,537	635,000	2,471,445 ⁵
2012	10,294,980	-	6,858,537	3,436,443	660,000	2,447,190 ⁵
2013	11,126,388	-	7,262,961	3,863,427	708,888	2,425,081

¹Total Operating Revenues plus Non-Operating Revenues plus Capitalized Interest Income

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

³Transfers In

⁴Interest capitalized during construction

⁵Interest 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		
\$ 269,639	-	\$ 389	\$ -	\$ -	N/A	
249,185	.39	-	-	-	N/A	
168,792	4.92	-	-	-	N/A	
-	N/A	-	-	-	N/A	
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	

CITY OF DENHAM SPRINGS

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Years

<u>Year</u>	<u>Population¹</u>	<u>Personal Income (amounts expressed in thousands)</u>	<u>Per Capita Income²</u>	<u>Median Age⁵</u>	<u>Public School Enrollment⁴</u>
2004	9,913	\$ 219,880	\$ 22,181	N/A	20,898
2005	10,167	240,805	23,685	N/A	21,561
2006	10,217	264,814	25,919	N/A	23,141
2007	10,342	293,247	28,355	N/A	23,347
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	10,129	N/A	N/A	N/A	25,830

¹Per State Treasurer's office years 2004-2010, United States Census Bureau year 2011-2013

²Parishwide Per Capita Income Per Louisiana Department of Labor.

³Per Louisiana Department of Labor.

⁴Louisiana Department of Education.

⁵United States Census Bureau.

N/A - Not readily available at this time.

Schedule 17

<u>Unemployment Livingston Parish³</u>	<u>Unemployment Labor Market Area³</u>
7.4	6.2
6.3	6.1
4.5	4.6
4.3	4.6
4.5	5.0
7.3	7.4
8.1	8.3
8.0	8.4
8.2	8.7
6.9	7.8

CITY OF DENHAM SPRINGS

Principal Employers

Current Year

<u>Employer</u>	<u>2013</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Livingston Parish School Board	530	1	7.99%
Bass Pro Shops	347	2	5.23%
Walmart	316	3	4.77%
Sam's Club	200	4	3.02%
City of Denham Springs	181	5	2.73%
Golden Age Nursing Home	136	6	2.05%
Home Depot	135	7	2.04%
Whitney Bank	121	8	1.82%
B&C Sheet Metal	94	9	1.42%
Capital One Bank	75	10	1.13%
	<u>2,135</u>		<u>32.20%</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				
	2004	2005	2006	2007	2008
General Government:					
General Provisions	11	10	10	12	13
Cemetery	2	2	2	2	2
Business License and Permit	2	2	2	1	1
Ward II Court	2	2	2	2	2
Planning and Zoning	3	3	3	3	4
Landscaping	2	2	-	-	-
Public Safety:					
Animal Control	3	4	4	6	11
Firemen	25	25	25	27	27
Firemen Administrative Staff	-	-	-	-	1
Policemen	26	26	27	30	33
Police Communications	11	5	5	5	5
Police Administrative Staff	4	4	4	5	6
Police Crossing Guards	2	2	3	3	3
Litter Control	1	1	1	1	1
Public Works:					
Street	14	14	15	17	18
Culture and Recreation:					
Main Street Director	-	-	-	-	-
Old City Hall Secretary	-	-	-	-	-
Public Utilities:					
Natural Gas, Water and Sewer	40	40	37	42	47
Motor Pool:					
Mechanics	2	2	2	1	2
Total Full-time Equivalent	<u>150</u>	<u>144</u>	<u>142</u>	<u>157</u>	<u>176</u>
Total Full-time and Part-time Employees	<u>159</u>	<u>154</u>	<u>153</u>	<u>166</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 19

Full-time Equivalent Employees as of June 30

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
14	14	14	14	14
-	-	-	-	-
1	1	1	1	1
2	2	2	2	2
3	3	3	3	3
-	-	-	-	-
10	10	10	10	13
28	29	29	29	29
-	-	-	-	-
34	37	34	36	33
3	3	3	2	2
5	5	5	5	5
3	3	3	3	3
-	-	-	-	-
18	21	21	21	20
-	-	-	-	-
1	1	1	1	1
43	46	46	47	42
2	2	2	2	2
<u>167</u>	<u>177</u>	<u>174</u>	<u>176</u>	<u>170</u>
<u>179</u>	<u>187</u>	<u>186</u>	<u>189</u>	<u>181</u>

CITY OF DENHAM SPRINGS

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Government				
Election Data				
Registered Voters	5,812	5,886	6,413	6,437
Voters at polls	2,022	907	1,470	1,886
Absentee ballots	87	47	43	59
Percent Voting	36.30%	16.20%	23.60%	30.22%
Ward II Court				
Court Cases				
Civil	1,250	1,053	858	1,333
Criminal	5,763	6,847	1,689	1,794
Landlord and tenant (Included in Civil)	-	-	N/A	N/A
Small Claims	-	-	-	-
Traffic	8,238	8,932	10,028	11,281
Public Safety				
Police Protection				
Adult arrests	613	874	833	908
Civil infractions	N/A	N/A	N/A	N/A
Group A Offenses	1,284	1,378	1,450	1,493
Group B Offenses	308	412	463	483
Accidents w/injury	282	134	124	148
Juvenile arrest	74	122	97	131
DWI	71	95	90	78
Parking violations	N/A	N/A	N/A	N/A
Criminal damage to property	151	123	166	196
Private property damage	N/A	N/A	N/A	N/A
Total traffic violations	9,113	9,945	10,013	9,199
Fire Protection				
Fire	64	62	64	96
Estimated Loss Due to Fire Incidents Reported	N/A	N/A	N/A	N/A
Overpressure rupture, explosion, overheat (no fire)	5	5	2	-
Rescue & Emergency Medical Service Incident	948	1,176	910	1,119
Hazardous Condition (No Fire)	38	65	21	34
Service Call	89	115	72	104
Good Intent Call	87	140	131	146
False Alarm & False Call	76	117	75	143
Severe Weather & Natural Disaster	2	3	2	8
Special Incident Type	2	-	-	-

(CONTINUED)

2008	2009	2010	2011	2012	2013
6,390	6,530	N/A	6,453	6,370	6,514
1,519	2,447	N/A	2,042	1,387	2,123
88	304	N/A	175	177	N/A
25.15%	37.48%	N/A	34.36%	24.55%	32.59%
1,479	1,703	1,922	1,791	1,791	1,746
2,422	1,750	2,078	1,894	1,779	1,718
N/A	N/A	N/A	N/A	N/A	N/A
-	-	-	-	-	-
14,281	12,256	17,084	15,798	12,238	15,683
910	946	904	984	1,012	853
N/A	N/A	N/A	N/A	N/A	N/A
1,528	1,169	1,279	1,229	1,271	1,311
513	603	1,061	772	1,127	1,199
176	111	263	152	146	136
93	98	106	87	78	66
122	118	138	143	147	102
N/A	N/A	N/A	N/A	N/A	N/A
232	397	179	199	183	119
N/A	N/A	N/A	N/A	N/A	N/A
11,262	9,043	9,081	9,365	10,087	9,604
107	88	61	47	78	62
N/A	142,175	1,228,225	1,140,450	266,100	491,800
4	6	4	3	5	1
1,187	1,026	977	939	875	1,074
36	63	40	41	44	23
102	137	89	82	116	134
117	103	18	46	107	135
122	78	108	76	87	127
3	5	-	1	3	-
7	7	3	-	-	2

CITY OF DENHAM SPRINGS

OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Natural Gas Services				
Customers	4,838	5,024	5,274	5,607
Inside - Residential	2,307	2,295	2,257	2,265
Inside - Commercial/Industrial	227	230	227	243
Outside - Residential	2,248	2,438	2,732	3,036
Outside - Commercial/Industrial	56	61	58	63
Natural Gas (in million cubic feet (MCF))				
Purchased from LA Municipal Gas Authority (LMGA)	253,568	239,969	253,568	290,515
Sold to customers	242,846	234,656	239,077	282,351
Rates				
Residential Customers inside the city				
First 500 cubic feet or less	\$ 5.63	RATES	CHANGED	CHANGED
Next 3,500 cubic feet at \$ per MCF	\$ 6.36			
Next 8,000 cubic feet at \$ per MCF	\$ 6.26			
Next 12,000 cubic feet at \$ per MCF	\$ 6.16	SEE	BELOW	BELOW
Residential Customers outside the city and all commercial customers inside and outside the city				
First 500 cubic feet or less	\$ 6.03	RATES	CHANGED	CHANGED
Next 3,500 cubic feet at \$ per MCF	\$ 6.76			
Next 8,000 cubic feet at \$ per MCF	\$ 6.66			
Next 12,000 cubic feet at \$ per MCF	\$ 6.56	SEE	BELOW	BELOW
All customers inside and outside the city				
Minimum monthly charge	\$ 5.63	\$ 5.63	\$ 5.63	\$ 5.63
Monthly gas rate - cost of gas plus .90 cents per CCF (hundred cubic feet)	eff. 11-9-04	eff. 11-9-04	eff. 11-9-04	eff. 11-9-04
Water Services				
Customers	6,684	6,945	7,073	7,367
Inside - Residential	3,397	3,412	3,393	3,438
Inside - Commercial/Industrial	539	561	565	583
Outside - Residential	2,697	2,911	3,052	3,280
Outside - Commercial/Industrial	51	61	63	66
Contracted Service - Shadow Springs Utility System, Inc.	N/A	N/A	N/A	N/A
Water (per hundred gallons)				
Sold to customers	8,128,421	8,182,310	8,291,497	8,475,923

(CONTINUED)

Schedule 20
(Continued)

2008	2009	2010	2011	2012	2013
6,114	6,394	6,483	6,189	6,223	6,274
2,435	2,458	2,430	2,175	2,169	2,179
332	355	357	265	260	255
3,313	3,504	3,616	3,676	3,720	3,765
34	77	80	73	74	75
276,000	270,765	340,280	302,402	247,898	278,445
259,041	263,564	322,042	319,225	234,112	266,238
CHANGED	CHANGED	CHANGED	CHANGED	CHANGED	CHANGED
BELOW	BELOW	BELOW	BELOW	BELOW	BELOW
CHANGED	CHANGED	CHANGED	CHANGED	CHANGED	CHANGED
BELOW	BELOW	BELOW	BELOW	BELOW	BELOW
\$ 8.25	\$ 8.25	\$ 8.25	\$ 8.25	\$ 8.25	\$ 8.25
eff. 3-1-08	eff. 3-1-08	eff. 3-1-08	eff. 3-1-08	eff. 7-1-11	eff. 3-1-13
7,448	7,584	7,574	7,977	8,215	8,370
3,351	3,351	3,327	3,865	3,930	3,950
680	692	686	217	260	268
3,342	3,463	3,483	3,476	3,828	3,941
75	78	78	178	197	211
N/A	N/A	N/A	241	-	-
8,660,348	7,880,994	7,840,105	8,280,542	8,561,011	8,156,525

CITY OF DENHAM SPRINGS

OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Rates (amount billed customers)				
Inside the corporate limits				
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	\$ 1.00	\$ 1.00	\$ 1.00	\$ 2.00
For every 1,000 gallons or part thereof next 17,000 gallons	\$ 0.75	\$ 0.75	\$ 0.75	\$ 1.85
For every 1,000 gallons or part thereof all over 25,000 gallons	\$ 0.65	\$ 0.65	\$ 0.65	\$ 1.70
Flat fee for filling of swimming pool or tank truck from fire hydrant by authorized personnel	\$ 40.00	\$ 40.00	\$ 40.00	\$ 70.00
 Chart (A) - Monthly minimum charge				
5/8 inch	\$ 5.50	\$ 5.50	\$ 5.50	\$ 6.75
3/4 inch	\$ 8.20	\$ 8.20	\$ 8.20	\$ 9.10
1 inch	\$ 13.70	\$ 13.70	\$ 13.70	\$ 15.15
1 1/2 inch	\$ 27.30	\$ 27.30	\$ 27.30	\$ 30.15
2 inch	\$ 43.70	\$ 43.70	\$ 43.70	\$ 48.30
3 inch	\$ 82.60	\$ 82.60	\$ 82.60	\$ 91.25
4 inch	\$ 137.80	\$ 137.80	\$ 137.80	\$ 152.20
6 inch	\$ 275.15	\$ 275.15	\$ 275.15	\$ 303.80
8 inch	\$ 550.00	\$ 550.00	\$ 550.00	\$ 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	\$ 1.20	\$ 1.20	\$ 1.20	\$ 2.25
For every 1,000 gallons or part thereof next 17,000 gallons	\$ 0.90	\$ 0.90	\$ 0.90	\$ 2.10
For every 1,000 gallons or part thereof all over 25,000 gallons	\$ 0.78	\$ 0.78	\$ 0.78	\$ 1.95
Flat fee for filling of swimming pool or tank truck from fire hydrant by authorized personnel	\$ 48.00	\$ 48.00	\$ 48.00	\$ 75.00

(CONTINUED)

Schedule 20
(Continued)

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25
\$ 2.10	\$ 2.10	\$ 2.10	\$ 2.10	\$ 2.10	\$ 2.10
\$ 1.95	\$ 1.95	\$ 1.95	\$ 1.95	\$ 1.95	\$ 1.95
\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00
\$ 6.75	\$ 6.75	\$ 6.75	\$ 6.75	\$ 11.75	\$ 11.75
\$ 9.10	\$ 9.10	\$ 9.10	\$ 9.10	\$ 14.10	\$ 14.10
\$ 15.15	\$ 15.15	\$ 15.15	\$ 15.15	\$ 20.15	\$ 20.15
\$ 30.15	\$ 30.15	\$ 30.15	\$ 30.15	\$ 35.15	\$ 35.15
\$ 48.30	\$ 48.30	\$ 48.30	\$ 48.30	\$ 53.30	\$ 53.30
\$ 91.25	\$ 91.25	\$ 91.25	\$ 91.25	\$ 96.25	\$ 96.25
\$ 152.20	\$ 152.20	\$ 152.20	\$ 152.20	\$ 157.20	\$ 157.20
\$ 303.80	\$ 303.80	\$ 303.80	\$ 303.80	\$ 308.80	\$ 308.80
\$ 607.25	\$ 607.25	\$ 607.25	\$ 607.25	\$ 612.25	\$ 612.25
\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25
\$ 2.10	\$ 2.10	\$ 2.10	\$ 2.10	\$ 2.10	\$ 2.10
\$ 1.95	\$ 1.95	\$ 1.95	\$ 1.95	\$ 1.95	\$ 1.95
\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00

CITY OF DENHAM SPRINGS

OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Chart (B) - Monthly minimum charge				
5/8 inch	\$ 6.61	\$ 6.61	\$ 6.61	\$ 7.25
3/4 inch	\$ 9.84	\$ 9.84	\$ 9.84	\$ 10.90
1 inch	\$ 16.44	\$ 16.44	\$ 16.44	\$ 18.15
1 1/2 inch	\$ 32.76	\$ 32.76	\$ 32.76	\$ 36.20
2 inch	\$ 52.44	\$ 52.44	\$ 52.44	\$ 57.95
3 inch	\$ 99.12	\$ 99.12	\$ 99.12	\$ 109.50
4 inch	\$ 165.36	\$ 165.36	\$ 165.36	\$ 182.60
6 inch	\$ 330.18	\$ 330.18	\$ 330.18	\$ 364.55
8 inch	\$ 660.00	\$ 660.00	\$ 660.00	\$ 728.70
Sewer Services				
Customers	5,348	5,420	5,424	5,489
Inside - Residential	3,232	3,253	3,236	3,275
Inside - Commercial/Industrial	514	514	514	527
Outside - Residential	1,571	1,622	1,640	1,654
Outside - Commercial/Industrial	31	31	34	33
Contracted Services-LP Sewer District #1 and #2	N/A	N/A	N/A	N/A
Denham Springs Sewerage District #1	N/A	N/A	N/A	N/A
Rates (amount billed customers)				
Residential customers inside the city				
Monthly flat fee and	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00
% of water consumption per 100 gallons	3%	3%	3%	10%
Residential customers outside the city				
Monthly flat fee and	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00
% of water consumption per 100 gallons	3%	3%	3%	10%
Commercial customers inside the city				
Monthly flat fee and	RATES	CHANGED	RATES	CHANGED
% of water consumption per 100 gallons	SEE	BELOW	SEE	BELOW
Commercial customers outside the city				
Monthly flat fee and	RATES	CHANGED	RATES	CHANGED
% of water consumption per 100 gallons	SEE	BELOW	SEE	BELOW

(CONTINUED)

Schedule 20
(Continued)

2008	2009	2010	2011	2012	2013
\$ 7.25	\$ 7.25	\$ 7.25	\$ 7.25	\$ 12.25	\$ 12.25
\$ 10.90	\$ 10.90	\$ 10.90	\$ 10.90	\$ 15.90	\$ 15.90
\$ 18.15	\$ 18.15	\$ 18.15	\$ 18.15	\$ 23.15	\$ 23.15
\$ 36.20	\$ 36.20	\$ 36.20	\$ 36.20	\$ 41.20	\$ 41.20
\$ 57.95	\$ 57.95	\$ 57.95	\$ 57.95	\$ 62.95	\$ 62.95
\$ 109.50	\$ 109.50	\$ 109.50	\$ 109.50	\$ 114.50	\$ 114.50
\$ 182.60	\$ 182.60	\$ 182.60	\$ 182.60	\$ 187.60	\$ 187.60
\$ 364.55	\$ 364.55	\$ 364.55	\$ 364.55	\$ 369.55	\$ 369.55
\$ 728.70	\$ 728.70	\$ 728.70	\$ 728.70	\$ 733.70	\$ 733.70
5,485	5,601	5,547	5,600	5,654	5,719
3,208	3,210	3,184	3,256	3,262	3,278
619	636	633	632	645	653
1,623	1,715	1,691	1,219	1,259	1,301
35	40	39	20	21	22
N/A	N/A	N/A	473	467	465
N/A	N/A	N/A	1,269	1,847	2,089
\$ 10.00 25%	\$ 10.00 25%	\$ 10.00 25%	\$ 10.00 25%	\$ 10.00 25%	\$ 10.00 25%
\$ 12.00 25%	\$ 12.00 25%	\$ 12.00 25%	\$ 12.00 25%	\$ 12.00 25%	\$ 12.00 25%
CHANGED BELOW	CHANGED BELOW	CHANGED BELOW	CHANGED BELOW	CHANGED BELOW	CHANGED BELOW
CHANGED BELOW	CHANGED BELOW	CHANGED BELOW	CHANGED BELOW	CHANGED BELOW	CHANGED BELOW

CITY OF DENHAM SPRINGS

OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Commercial customers inside the city				
Hotels/Motels				
Monthly flat fee of \$10.00 based on number of rooms and % of water consumption per 100 gal.	217 Rooms 3%	217 Rooms 3%	217 Rooms 3%	314 Rooms 10%
All other commercial customers inside the city				
Monthly flat fee based on commercial business zone and				
Zone C-1 \$20.00	12	12	12	12
Zone C-2 \$25.00	25	25	25	25
Zone C-3 \$30.00	436	436	436	503
Zone C-4 \$35.00	20	20	20	20
Zone I-1 and I-2 \$40.00	21	21	21	21
25% of water consumption				
per 100 gallons (Month Avg. 26,409)	3%	3%	3%	10%
RIRZ	N/A	N/A	N/A	N/A
Commercial customers outside the city				
Hotels/Motels				
Monthly flat fee of \$12.00 based on number of rooms and % of water consumption per 100 gal.	None 3%	None 3%	None 3%	None 12%
All other commercial customers outside the city				
Monthly flat fee and	\$ 28.00	\$ 31.00	\$ 34.00	\$ 36.00
% of water consumption per 100 gallons	5%	5%	5%	12%
Sanitation Services				
Customers				
Inside - Residential	3,407	3,426	3,415	3,366
Inside - Commercial/Industrial	3,279	3,293	3,282	3,231
Inside - Commercial/Industrial	128	133	133	135
Sanitation Service Contracted Rates -				
Monthly per Customer				
Twice Weekly Pickup and Weekly Pickup of Recycling	\$ 13.58	\$ 14.35	\$ 14.86	\$ 14.86
Rates (amount billed customers)				
Inside - Residential	\$ 14.30	\$ 14.30	\$ 14.81	\$ 14.81
Inside - Commercial/Industrial	\$ 12.55	\$ 12.55	\$ 13.06	\$ 13.06
Inside - Senior Citizens	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00

Schedule 20
(Continued)

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
314 Rooms 25%	341 Rooms 25%	444 Rooms 25%	444 Rooms 25%	444 Rooms 25%	444 Rooms 25%
23	23	23	27	27	28
40	40	40	35	36	35
510	510	529	391	408	401
34	34	34	41	43	43
23	23	23	31	32	33
25%	25%	25%	25%	25%	25%
23	23	23	27	26	25
None 25%	None 25%	None 25%	None 25%	None 25%	None 25%
Included w/ inside City	Included w/ inside City	Included w/ inside City	Included w/ inside City	Included w/ inside City	Included w/ inside City
3,470	3,485	3,460	3,504	3,559	3,574
3,318	3,323	3,297	3,355	3,396	3,414
152	162	163	149	163	160
\$ 16.43	\$ 17.44	\$ 17.44	\$ 18.00	\$ 18.00	\$ 18.00
\$ 16.43	\$ 17.44	\$ 17.44	\$ 17.44	\$ 18.00	\$ 18.00
\$ 14.68	\$ 15.69	\$ 15.69	\$ 15.69	\$ 18.00	\$ 18.00
\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00

CITY OF DENHAM SPRINGS
CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Government				
Buildings				
Municipal (City Hall, Ward II Court and Ward II Marshall)	1	1	1	1
Public Safety				
Police Protection				
Stations	1	1	1	1
Vehicles - Marked	28	28	28	30
Vehicles - Unmarked	6	6	6	7
Motorcycles - Marked	2	3	3	3
Fire Protection				
Administrative Office	N/A	N/A	N/A	1
Stations	3	3	3	3
Vehicles - Extinguishment	4	4	4	4
Vehicles - Emergency Medical	1	1	1	1
Public Works				
Streets and Sidewalks				
Miles of City:				
Primary streets (State and Federal)	N/A	N/A	N/A	N/A
Secondary streets (City)	45.3	45.3	45.3	45.3
Sidewalks	N/A	N/A	N/A	N/A
Bridges	N/A	N/A	N/A	N/A
Buildings	2	2	2	2
Street Lights:				
Residential	638	638	652	652
Street and Highway	284	284	284	284
Security Light	2	2	2	2
Vehicles	16	16	17	17
Natural Gas, Water and Sewer Services				
Fire Hydrants	N/A	N/A	N/A	568
Miles of natural gas mains	159	163	N/A	180
Miles of water mains	N/A	N/A	N/A	N/A
Miles of sanitary sewer:				
City of Denham Springs	N/A	N/A	N/A	N/A
Denham Springs Sewerage District #1	N/A	N/A	N/A	N/A
Number of sewer pumping stations:				
City of Denham Springs	36	36	37	37
Denham Springs Sewerage District #1	N/A	N/A	N/A	N/A
Type of sewer treatment system	Rock Reed	Rock Reed	Rock Reed	Rock Reed
Recreation and Culture				
Parks and Recreation				
Acres	3	3	3	3
Developed parks (Spring, Train Station, Willow & Old City Hall)	2	2	2	2
Buildings (Spring, Train Station, and Old City Hall)	2	2	2	2

Schedule 21

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
1	1	1	1	1	1
1	1	1	1	1	1
30	33	31	36	32	31
7	7	7	7	11	10
4	4	4	4	5	5
1	1	1	1	1	1
3	3	3	3	3	3
6	6	6	6	6	6
1	1	1	1	1	1
N/A	N/A	N/A	N/A	N/A	N/A
45.3	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	N/A	N/A
2	2	2	2	2	2
652	652	652	652	652	652
284	284	284	284	284	284
2	2	2	2	2	2
17	17	17	17	17	17
568	1,099	1,099	1,099	1,099	1,408
180	180	180	180	180	180
N/A	N/A	N/A	N/A	N/A	148
N/A	N/A	N/A	N/A	N/A	68
N/A	N/A	N/A	N/A	N/A	38
37	37	37	37	39	39
N/A	N/A	N/A	30	43	43
Oxidation Ponds	Oxidation Ponds	Mechanical System	Mechanical System	Mechanical System	Mechanical System
3	3	3	3	3	4
2	2	3	4	4	5
2	3	3	3	3	4

CITY OF DENHAM SPRINGS, LOUISIANA

**REPORTS ON INTERNAL
CONTROL AND COMPLIANCE**

JUNE 30, 2013

CITY OF DENHAM SPRINGS, LOUISIANA

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

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

Independent Auditor's Report

The Mayor and Members of
the City Council
City of Denham Springs
Denham Springs, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the City of Denham Springs, Louisiana's basic financial statements and have issued our report thereon dated December 30, 2013. We also have audited the financial statements of the City's nonmajor internal service fund and each of the governmental funds presented in the 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, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose; however, under Louisiana Revised Statue 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Harris J. Bougeois, CPA

Denham Springs, Louisiana
December 30, 2013

CITY OF DENHAM SPRINGS
SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED JUNE 30, 2013

A. Findings - Internal Control Over Financial Reporting

None.

B. Findings - Compliance and Other Matters

None.

CITY OF DENHAM SPRINGS

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2013

A. Findings - Internal Control Over Financial Reporting

None.

B. Findings - Compliance and Other Matters

None.

CITY OF DENHAM SPRINGS, LOUISIANA

MANAGEMENT LETTER

JUNE 30, 2013

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December 30, 2013

The Mayor and Members of
the City Council
City of Denham Springs
Denham Springs, Louisiana

In planning and performing our audit of the basic financial statements of the City of Denham Springs, Louisiana, as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal controls. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

CURRENT YEAR FINDING:

None

However, during our prior audit, we became aware of one matter that was an opportunity for strengthening internal controls and operating efficiency. The following summarizes our comments and suggestion regarding that matter. This letter does not affect our report dated December 30, 2013, on the basic financial statements of the City of Denham Springs, Louisiana.

PRIOR YEAR FINDING:

Finding 12-1:

Utility Fund Accounts Receivable Procedures:

During our prior audit work on the utility fund accounts receivable and allowance for doubtful accounts, we noted a higher balance in the aging of accounts receivable greater than 90 days and a lower allowance for doubtful accounts. In discussion with City personnel, it was determined that during the City's conversion to a new utility fund billing software at the end of fiscal year June 30, 2011, the City did not set up a delinquent customers' code and maintain it during that fiscal year. According to the City's procedures for delinquent accounts, when a customer's account becomes past due greater than 60 days, the customer's service is cutoff. After the customer's service is shut off and the City has exhausted its' collection efforts, the customer's

account is turned over to a collection agency. When the account is turned over to the collection agency, the account should be moved to a delinquent account status. Delinquent account status indicates that services have been shut off and the account has been turned over to collections but has not been written off. The City sets up an allowance for doubtful accounts for one hundred percent of the accounts in the delinquent account status.

It appeared that the City was cutting off services according to procedures but was not transferring the accounts to delinquent status and turning them over to collections on a timely basis. Also, based on discussions with City personnel, it appeared that the breakdown in the procedures may have occurred due to a change in utility department billing personnel during that year.

Recommendation:

We recommended the City follow its procedures related to delinquent accounts.

Management's Response:

During the audit after we discussed the increase in the accounts receivable aging balance greater than 90 days and the lower allowance for doubtful accounts with management, they researched the customer accounts for that fiscal year to determine which customer accounts needed to be moved to delinquent status, set up a new delinquent customer group code in their billing system, moved the applicable delinquent customer accounts to the new group code, and recalculated the allowance for doubtful accounts. They were also working on turning over any applicable accounts to collections.

Management also reassigned positions within the utility billing department. The billing manager who moved out of state during that year, has since returned and has been reassigned as manager of the department.

Corrective Action Taken:

During our current year audit work on the utility fund accounts receivable and allowance for doubtful accounts, it was noted that the City implemented the procedures noted in management's prior year response above.

This report is intended for the use of management, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the City of Denham Springs, Louisiana, is a matter of public record.

Respectfully submitted,

Hannu J. Bourgeois, CPA