

City of Denham Springs, State of Louisiana



***COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT***

For The Year Ended June 30, 2020

**Comprehensive  
Annual Financial Report  
of the**

**CITY OF DENHAM SPRINGS**

**Denham Springs, Louisiana**

**For the Fiscal Year Ended  
June 30, 2020**

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



## INTRODUCTION

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2020

**TABLE OF CONTENTS**

	<u>EXHIBIT/ SCHEDULE/ TABLE</u>	<u>PAGE NUMBER</u>
<b><u>INTRODUCTORY SECTION</u></b>		
Table of Contents		i
Letter of Transmittal		iv
Principal Elected Officials		ix
Organizational Chart		x
Certificate of Achievement for Excellence in Financial Reporting		xi
<b><u>FINANCIAL SECTION</u></b>		
Independent Auditor’s Report		1 - 3
Management’s Discussion and Analysis		5 - 19
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position (Deficit)	Exhibit A-1	21
Statement of Activities	Exhibit A-2	22
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	Exhibit B-1	23
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	Exhibit B-2	24
Statement of Revenues, Expenditures, and Changes in Fund Balances	Exhibit B-3	25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	Exhibit B-4	26
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	Exhibit B-5	27 - 36
Proprietary Funds:		
Statement of Net Position	Exhibit C-1	37 - 38
Statement of Revenues, Expenses, and Changes in Net Position	Exhibit C-2	39
Statement of Cash Flows	Exhibit C-3	40 - 41

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

**TABLE OF CONTENTS (CONTINUED)**

	<u>EXHIBIT/ SCHEDULE/ TABLE</u>	<u>PAGE NUMBER</u>
<b><u>FINANCIAL SECTION (CONTINUED)</u></b>		
Notes to Financial Statements		42 - 112
Required Supplementary Information:		
Schedule of Proportionate Share of Net Pension Liability by Plan	Schedule 1	114 - 115
Schedule of Contributions by Plan	Schedule 2	116 - 117
Notes to Required Supplementary Information		118 - 120
Combining and Individual Fund Statements and Schedules:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	Exhibit D-1	122
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	Exhibit D-2	123
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - Capital Projects Fund	Exhibit D-3	124
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - Special Revenue Fund	Exhibit D-4	125
Supplementary Exhibits:		
Capital Assets Used in the Operation of Governmental Funds:		
Capital Assets Used in the Operation of Governmental Funds Schedule by Source	Exhibit E-1	126
Capital Assets Used in the Operation of Governmental Funds Schedule by Function and Activity	Exhibit E-2	127
Capital Assets Used in the Operation of Governmental Funds Schedule of Changes by Function and Activity	Exhibit E-3	128
Supplementary Schedule:		
Schedule of Insurance Coverage in Force	Schedule 3	130 - 134

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

**TABLE OF CONTENTS (CONTINUED)**

	<u>EXHIBIT/ SCHEDULE/ TABLE</u>	<u>PAGE NUMBER</u>
<b><u>STATISTICAL SECTION (UNAUDITED)</u></b>		
Net Position by Components	Schedule 4	136
Change in Net Position	Schedule 5	137 - 138
Fund Balances of Governmental Funds	Schedule 6	139
Changes in Fund Balances of Governmental Funds	Schedule 7	140
General Governmental Tax Revenues by Source	Schedule 8	141
Assessed and Estimated Actual Value of Taxable Property	Schedule 9	142
Property Tax Rates and Tax Levies Direct and Overlapping Governments	Schedule 10	143
Principal Property Taxpayers	Schedule 11	144
Property Tax Levies and Collections	Schedule 12	145
Municipal Sales Taxes by Category - General Sales and Use Tax	Schedule 13	146
Ratios of Outstanding Debt by Type	Schedule 14	147
Ratios of General Bonded Debt Outstanding	Schedule 15	148
Direct and Overlapping Governmental Activities Debt	Schedule 16	149
Legal Debt Margin Information	Schedule 17	150
Pledged Revenue Coverage	Schedule 18	151
Demographics and Economic Statistics	Schedule 19	152
Principal Employers	Schedule 20	153
Full Time Equivalent City of Denham Springs Employees by Function	Schedule 21	154
Operating Indicators by Function	Schedule 22	155 - 159
Capital Asset Statistics by Function	Schedule 23	160



# City of Denham Springs

**MAYOR**  
GERARD LANDRY

**CITY CLERK**  
JOAN LEBLANC

**CITY TREASURER**  
MICHELLE W. HOOD

December 28, 2020

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, 2020.

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, 2020, are free of material misstatement. The independent audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected were based on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. The audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. The independent auditor's opinion on the primary government was unmodified in that the financial statements of the primary government of the City of Denham Springs present fairly, in all material respects, the respective financial position included in each of the components of the financial statements. During the current fiscal year, the City was required to undergo a single audit in conformance with the provisions of the revised Single Audit Act of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost*

*Principles, and Audit Requirements for Federal Awards.* Information related to this single audit, including the Schedule of Expenditures of Federal Awards, Findings and Recommendations, and the Auditor's Report on Compliance and on Internal Control over Financial Reporting is included in a separately issued report and is available upon request.

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

## **Profile of the Government**

The City of Denham Springs, incorporated in 1903, is located on the western side of Livingston Parish and is adjacent to East Baton Rouge Parish, which contains the state's capital city of Baton Rouge and is a major industrial area. The City currently occupies a land area of 7 square miles and serves a population of 10,295. The City of Denham Springs is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

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

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

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

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

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

The financial statements included in this CAFR are as follows:

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

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

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

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

Located within the City of Denham Springs are several financial institutions, pharmacies, varied retail outlets, retail discount stores, and restaurants and fast food chains. There is still vacant land available for growth within the Bass Pro Development area.

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 region (which includes the City of Denham Springs and the surrounding unincorporated area within Livingston Parish) has an employed labor force of approximately 59,618. This is according to the Louisiana Department of Labor June 2020 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 2020**

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

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

#### **Highway Infrastructure Improvements**

- Road Transfer Credits – The City entered into a Cooperative Endeavor Agreement with the State of Louisiana in November 2016 that transferred ownership of state route LA 1030, known as Cockerham Road, from North Range Avenue east to the end of the corporate limits and state route LA 3282, known as Centerville Street, from North Range Avenue to Hatchell Lane. In consideration for acquiring these roadways, the State issued \$856,318 in road transfer credits for the City to use on current and future road projects undertaken with the State. These road transfer credits can be used to fund the City's cost share of the road projects. As of June 30, 2020, the City has utilized \$357,493 of the road transfer credits.

- Benton Lane overlay. This project is to repave Benton Lane. This project is in the design phase, with \$143,485 being spent as of June 30, 2020. The project will be funded 80% by the state with a 20% City share. It is anticipated that the City's cost share will be covered by available Road Transfer Credits.
- Hatchell Lane (LA Hwy. 1031) sidewalk/drainage project. The City has been awarded funding for the construction of sidewalks on the west side of Hatchell Lane from Cockerham Road to Denham Springs Junior High through the Safe Routes to Schools federal funding program. The City's financial responsibility is limited to design costs. Through June 30, 2020 the City has spent \$3,339 on engineering costs related to this project.
- Centerville Street sidewalk project. The City has been awarded funding for the construction of sidewalks on the north side of Centerville Street from Summers Street to Denham Springs Junior High through the Transportations Alternatives Project program. The City will have a cost share for construction costs of 20% and will also be responsible for costs related to design and construction administration. As of June 30, 2020, the City has not incurred any expenses related to this project.
- Yellow Jacket Boulevard overlay. This project is to overlay the roadway and shoulders to restore and rehabilitate the deteriorating asphalt. The City will be responsible for the engineering cost for this project. The City is also responsible for 20% of the construction costs. It is anticipated this cost share will be covered by available Road Transfer Credits.
- East Railroad Avenue. This project is to overlay the roadway and replace existing subsurface drainage, as necessary. The City will be responsible for the engineering cost for this project. The City is also responsible for 20% of the construction costs. It is anticipated this cost share will be covered by available Road Transfer Credits.
- Cook Road Extension. Final right of way the Cook Road and Pete's Hwy intersection. This 4-lane curb and gutter roadway with a grass median is a State and Parish Project and will provide access between Pete's Highway and Juban Road (LA 1026) that is expected to be an economic catalyst in the immediately surrounding area. This is a project expected to require a minimum of five years to complete between utility relocations and upgrades and the construction work.

### **Acknowledgements**

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

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

Respectfully submitted,

City of Denham Springs



Michelle Hood  
City Treasurer

CITY OF DENHAM SPRINGS  
PRINCIPAL ELECTED OFFICIALS

JUNE 30, 2020

Mayor:

H. Gerard Landry

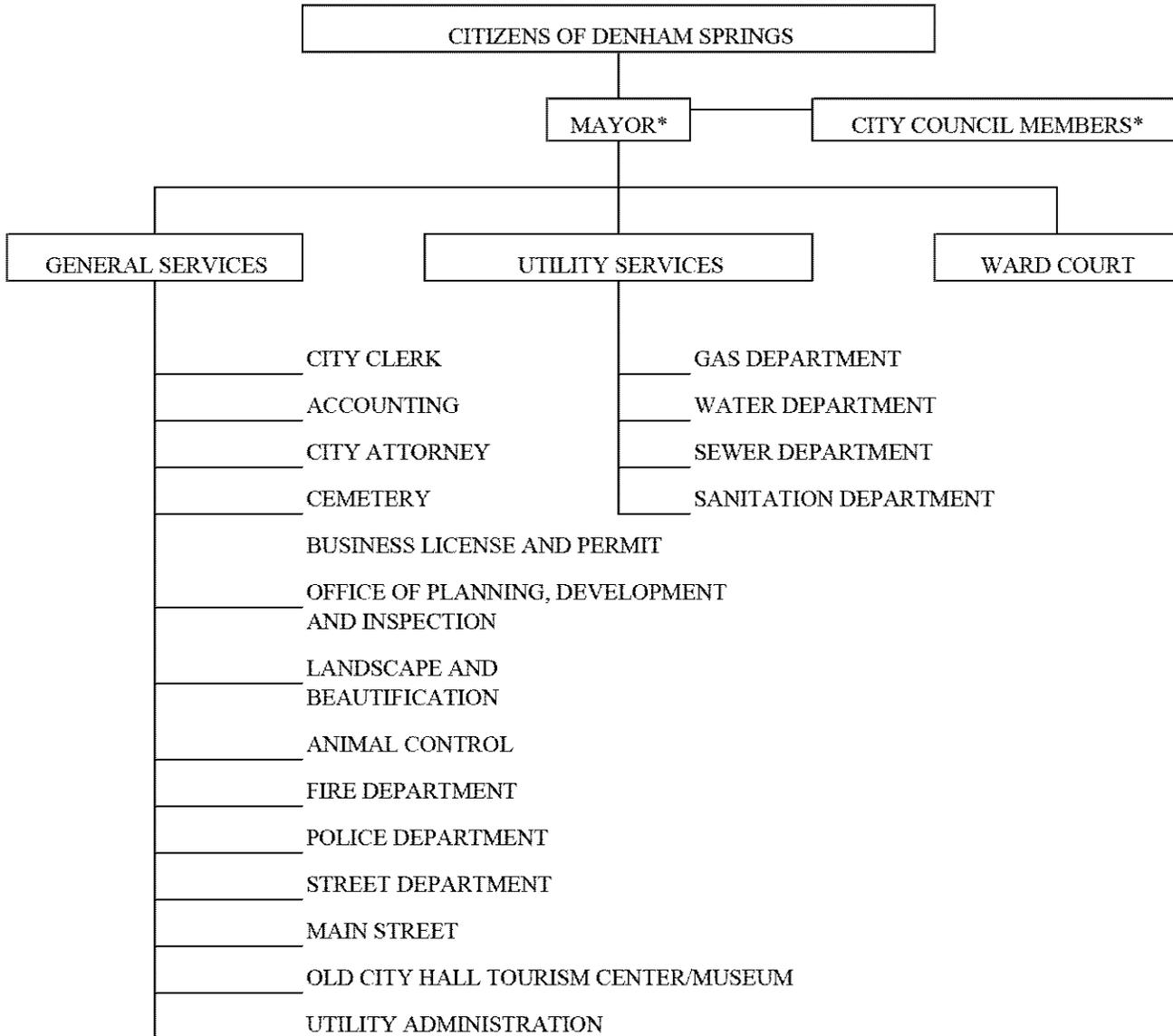
City Council Members:  
Current Terms Expire December 31, 2022:

Lori Lamm-Williams  
Jeffrey Wesley  
Robert Poole  
Laura Schmitt Smith  
Amber Dugas

**CITY OF DENHAM SPRINGS**

ORGANIZATIONAL CHART

JUNE 30, 2020



\* 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, 2019

*Christopher P. Morill*

Executive Director/CEO



FINANCIAL SECTION

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

## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the budgetary comparison statement of the general fund and the aggregate remaining fund information of the City of Denham Springs, Louisiana as of and for the year ended June 30, 2020, 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 schedules of the Capital Projects Fund and the Special Revenue Fund as of and for the year ended June 30, 2020, as listed in the table of contents as exhibits D-1 through D-4.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Marshal of City Court of Denham Springs – Ward Two and the City Court of Denham Springs – Ward II, which represent 1.36 percent, .58 percent, and 14.12 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by another auditor whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Marshal of City Court of Denham Springs – Ward Two and the City Court of Denham Springs – Ward II, are based solely on the reports of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

### **Opinions**

In our opinion, based on our audit and the reports of another auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Denham Springs, Louisiana, as of June 30, 2020, 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, 2020, and the respective changes in financial position, and, where applicable cash flows thereof and the budgetary comparison schedule of the Capital Projects Fund and the Special Revenue Fund (exhibits D-3 and D-4) for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of the net pension liability by plan, and the schedule of contributions by plan on pages 5 through 19 and 114 through 120 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

*Other Information*

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

The capital assets schedules, Exhibits E-1 through E-3, and the supplementary schedule of insurance coverage in force, Schedule 3, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the capital assets schedules, Exhibits E-1 through E-3, and the supplementary schedule of insurance coverage in force, Schedule 3, are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2020, 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 solely 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Denham Springs' internal control over financial reporting and compliance.

Respectfully submitted,  
*Hannis T. Bourgeois, LLP*

Denham Springs, Louisiana  
December 28, 2020

**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, 2020. 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-viii of this report.

### **Financial Highlights**

- The assets and deferred outflows of resources of the City's primary government exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$24,195,948 (*net position*).
- The primary government's total net position compared to prior year of \$19,444,484 increased by \$4,751,464.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,677,573, an increase of \$1,461,854 in comparison with the prior year combined ending fund balances of \$5,215,719. Approximately seventy-seven percent of this total amount, \$5,111,739, 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 \$5,111,739 or 39 percent of total general fund expenditures.
- The City's total liabilities decreased by \$954,001 during the current fiscal year. Governmental Activities liabilities increased \$393,161 while liabilities for Business-Type activities decreased \$1,347,162. Significant to this decrease were decreases in accounts payable and accrued expenses of \$143,693 for Governmental Activities and a decrease in liabilities due in more than one year of \$1,822,284 for Business-Type Activities. These decreases were partially offset by increases in Governmental Activities net position liability of \$558,928 and Business-Type activities accounts payable of \$403,593.
- The City's total deferred outflows of resources decreased by \$94,400 during the current fiscal year. Governmental Activities saw an increase in Deferred Outflows-Related to Pensions of \$63,230 that was offset by a decrease in Business-Type Activities Deferred Outflows-Related to Pensions of \$59,087. Additionally, Business-Type Activities saw a decrease in Deferred Amount on refunding of \$98,543.
- The City's total deferred inflows of resources related to pensions decreased by \$385,022 during the current fiscal year. Governmental Activities decreased by \$327,933 while Business-Type activities decreased by \$57,089.

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

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

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

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

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

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

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

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

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

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

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

The City of Denham Springs maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is the City's 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 and the capital projects fund. Budgetary comparison statements have been provided for the general fund and the capital projects fund to demonstrate compliance with its budget.

The basic governmental fund financial statements are presented in Exhibits B-1 to B-5 of this report.

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

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

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

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

Cash management policies and practices of the City of Denham Springs conservatively invest idle funds in public funds interest bearing checking accounts through Capital One, N.A. All cash and investments are collateralized with securities pledged by the financial institution and held in our name by an approved third-party custodial bank. Procedures followed and securities pledged are in accordance with the Statutes of the State of Louisiana. The average yield on the public funds interest bearing checking account was 0.10% for the fiscal year ended June 30, 2020.

During the fiscal year ended June 30, 2020, 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, 2020.

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 42-112 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**

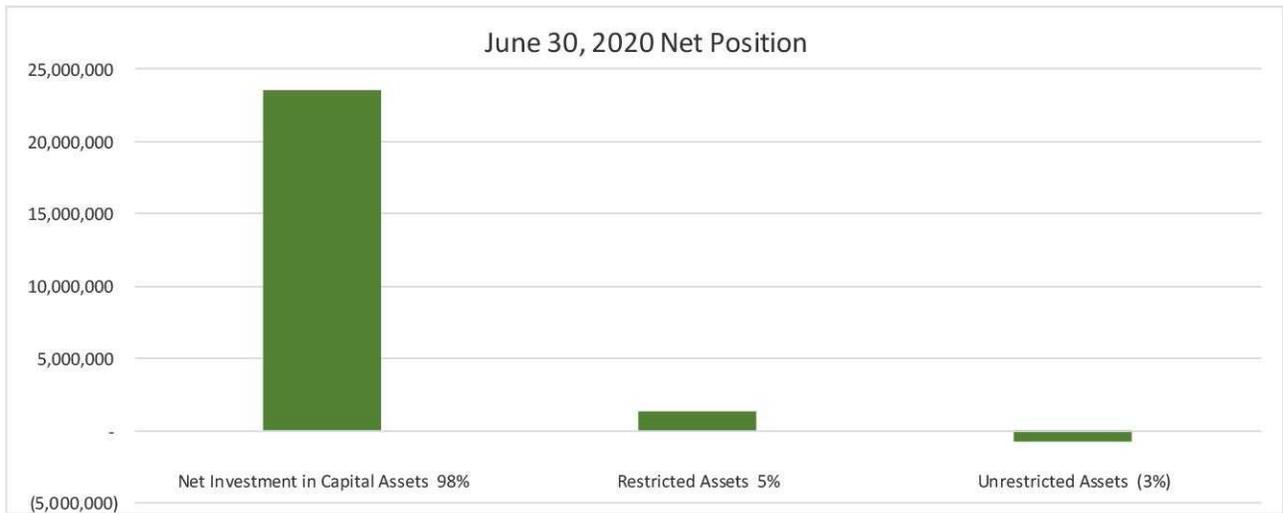
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Denham Springs, assets exceeded liabilities by \$24,195,948 at the close of the most recent fiscal year.

The following table reflects the Condensed Statement of Net Position for June 30, 2020 with comparative figures from 2019.

City of Denham Springs  
Condensed Statement of Net Position  
June 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Assets:</b>						
Current and Other Assets	\$7,804,642	\$6,579,814	\$ 6,921,303	\$ 6,270,341	\$ 14,725,945	\$ 12,850,155
Restricted Assets	-	-	2,444,506	2,445,651	2,444,506	2,445,651
Capital Assets	11,073,059	9,414,293	55,228,072	55,254,642	66,301,131	64,668,935
<b>Total Assets</b>	<b>18,877,701</b>	<b>15,994,107</b>	<b>64,593,881</b>	<b>63,970,634</b>	<b>83,471,582</b>	<b>79,964,741</b>
<b>Deferred Outflows of Resources:</b>						
Deferred Amount on Refunding	-	-	5,134,397	5,232,940	5,134,397	5,232,940
Deferred Outflows - Related to Pensions	2,738,946	2,675,716	574,820	633,907	3,313,766	3,309,623
<b>Total Deferred Outflows of Resources</b>	<b>2,738,946</b>	<b>2,675,716</b>	<b>5,709,217</b>	<b>5,866,847</b>	<b>8,448,163</b>	<b>8,542,563</b>
<b>Liabilities:</b>						
Current Liabilities	1,354,473	1,503,684	4,361,472	3,905,442	5,715,945	5,409,126
Long-Term Liabilities	10,745,266	10,202,894	49,917,203	51,720,395	60,662,469	61,923,289
<b>Total Liabilities</b>	<b>12,099,739</b>	<b>11,706,578</b>	<b>54,278,675</b>	<b>55,625,837</b>	<b>66,378,414</b>	<b>67,332,415</b>
<b>Deferred Inflows of Resources:</b>						
Deferred Inflows - Related to Pensions	1,198,043	1,525,976	147,340	204,429	1,345,383	1,730,405
<b>Net Position:</b>						
Net Investment in Capital Assets	11,073,059	9,414,293	12,520,637	10,804,788	23,593,696	20,219,081
Restricted	1,303,809	1,226,795	-	-	1,303,809	1,226,795
Unrestricted (Deficit)	(4,058,003)	(5,203,819)	3,356,446	3,202,427	(701,557)	(2,001,392)
<b>Total Net Position</b>	<b>\$8,318,865</b>	<b>\$5,437,269</b>	<b>\$15,877,083</b>	<b>\$14,007,215</b>	<b>\$ 24,195,948</b>	<b>\$ 19,444,484</b>

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



By far the largest portion of the City of Denham Springs’s net position, \$23,593,696, reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment, less any related debt used to acquire those assets that is still outstanding). The City of Denham Springs uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Denham Springs’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City of Denham Springs’ net position, 5 percent or \$1,303,809, represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$701,557) represents unrestricted (deficit) net position. The City’s overall negative balance in unrestricted net position was caused by the implementation of GASB 68 in the year ended June 30, 2015. With the GASB 68 reporting change, the City recorded its proportionate share of retirement liabilities for the plans it participates in. The plans are The Firefighters’ Retirement System, Municipal Police Employees’ Retirement System, Municipal Employees’ Retirement System of Louisiana, and Louisiana State Employees’ Retirement System.

The City’s net position increased by \$4,751,464 during the current fiscal year as compared to 2019’s increase of \$534,773. Attributable to this increase is an increase in net investment in capital assets of \$3,374,615, an increase in restricted net position of \$77,014, and an increase in unrestricted net position of \$1,299,835.

The condensed statement below provides a summary of the changes in net position for the year ended June 30, 2020, with comparative figures from 2019.

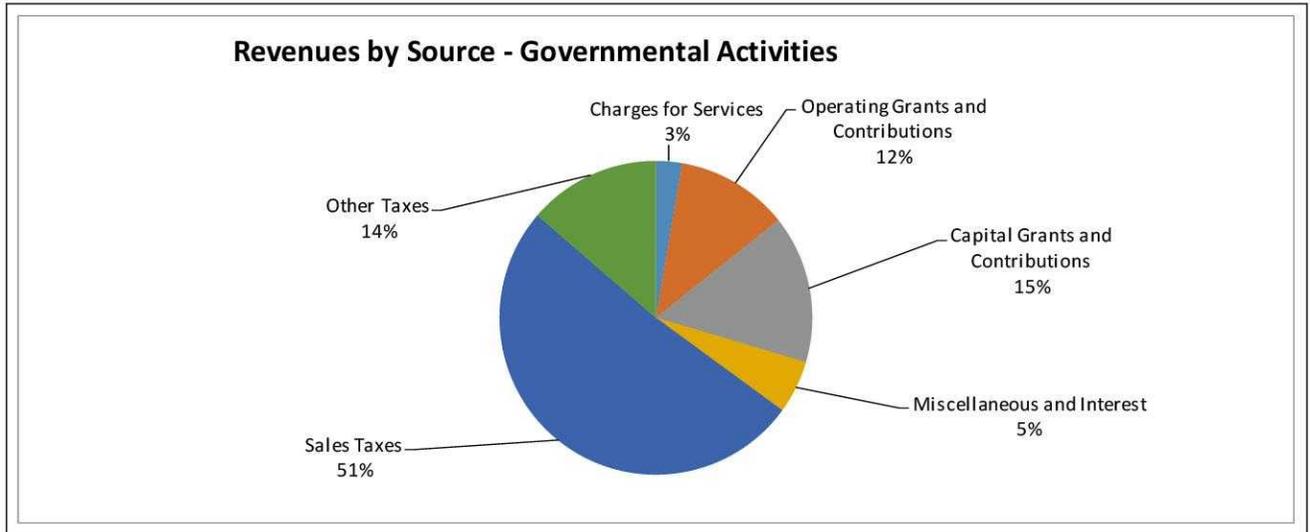
	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 405,671	\$ 508,010	\$ 11,363,292	\$ 11,518,916	\$ 11,768,963	\$ 12,026,926
Operating Grants and Contributions	1,741,444	1,050,857	240,603	169,950	1,982,047	1,220,807
Capital Grants and Contributions	2,287,877	344,415	1,369,021	715,543	3,656,898	1,059,958
General Revenues:						
Sales Taxes	7,687,752	7,399,855	-	-	7,687,752	7,399,855
Other Taxes	2,050,149	2,026,895	-	-	2,050,149	2,026,895
Miscellaneous	771,851	453,842	22,095	23,965	793,946	477,807
Other	44,647	58,048	178,070	21,296	222,717	79,344
Total Revenues	14,989,391	11,841,922	13,173,081	12,449,670	28,162,472	24,291,592
Expenses:						
General Government	2,639,104	2,412,412	-	-	2,639,104	2,412,412
Public Safety	7,292,904	7,390,688	-	-	7,292,904	7,390,688
Highways and Streets	1,961,810	2,077,107	-	-	1,961,810	2,077,107
Health	35,587	34,409	-	-	35,587	34,409
Culture and Recreation	178,390	142,881	-	-	178,390	142,881
Gas	-	-	2,724,211	2,916,493	2,724,211	2,916,493
Water	-	-	2,230,902	2,358,904	2,230,902	2,358,904
Sewer	-	-	5,507,610	5,597,303	5,507,610	5,597,303
Sanitation	-	-	840,490	826,622	840,490	826,622
Total Expenses	12,107,795	12,057,497	11,303,213	11,699,322	23,411,008	23,756,819
Increase (Decrease) in Net Position	2,881,596	(215,575)	1,869,868	750,348	4,751,464	534,773
Net Position - Beginning of Year	5,437,269	5,652,844	14,007,215	13,256,867	19,444,484	18,909,711
Net Position - End of Year	\$ 8,318,865	\$ 5,437,269	\$ 15,877,083	\$ 14,007,215	\$ 24,195,948	\$ 19,444,484

**Governmental activities.** Governmental activities increased the City of Denham Springs's net position by \$2,881,596. Key elements of this net increase are documented below.

Total revenues from Governmental activities increased by \$3,147,469 over the prior year caused mainly by the following:

- Sales taxes increased by 3.9% or \$287,897 during the fiscal year.
- Charges for services decreased \$102,399 during the fiscal year. This is largely attributable to a decrease in fines collected.

- Operating grants and contributions increased \$690,587 during the fiscal year. This net increase is mainly attributable to funds received from Louisiana Office of Community Development, Disaster Recovery Unit related to the debris cleanup in response to the August 2016 flood. This funding is reimbursement to the City for the share not funded by FEMA.
- Capital Grants and Contributions increased by \$1,943,462. This is mainly attributable to an increase in reimbursement from FEMA for the purchase and remodel of the new City Hall building, Animal Shelter repairs, and replacement equipment purchased.

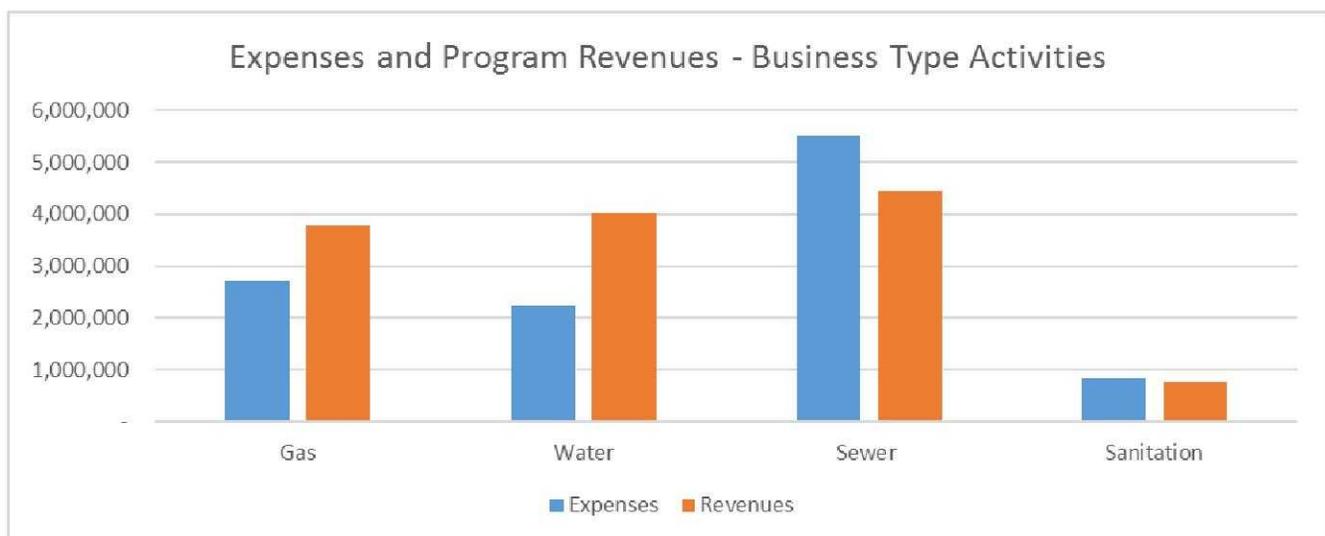


Total expenses from Governmental Activities increased by \$50,298 primarily due to the following reasons:

- Total salaries charged to governmental activities decreased from \$5,142,964 to \$4,967,161 for a net decrease of \$175,803 or less than 3%.
- Related payroll taxes and employee benefits charged to governmental activities decreased from \$2,793,995 to \$2,534,818 for a net increase of \$161,697.
- General Government, other than salaries and benefits, increased approximately \$25,000. The increase is primarily related to increases in office supplies and insurance and a decrease in flood expenses.
- Public Safety activities other than salaries and benefits decreased approximately \$144,000. The decrease is primarily related to approximate decreases in flood expenses of \$28,000, insurance of \$26,000, equipment expense of \$20,000, animal care of \$25,000, and uniforms of \$26,000.
- Highways and Streets activities not related to payroll and benefits increased approximately \$32,000. Increase is related to approximate decreases in contract services of \$50,000, and equipment expenses of \$56,000 and approximate increases in miscellaneous expense of \$20,000 and street maintenance of \$116,000.
- Culture and Recreation activities not related to payroll and benefits increased approximately \$36,000. This increase is mainly attributable to an increase in maintenance costs at Old City Hall and Kidz Korner playground
- Depreciation expense for Governmental Activities increased by approximately \$26,709.

**Business-type activities.** Business-type activities increased the City of Denham Springs's net position by \$1,869,868. Key elements to this net increase are documented below.

- Overall charges for services for business-type activities decreased \$155,624 compared to the prior fiscal year. Gas charges for services decreased \$475,497, water charges for services increased \$136,559, sewer charges for services increased \$176,061 and sanitation charges for services increased by \$7,253. Gas charges for services decrease is attributable to decreased usage related to the mild winter experienced. Partially offsetting the reduced gas sales are increased charges for new customers across all lines of business as a result of new subdivision development just outside of the city limits but within our service areas.
- Business-type activities expenses decreased \$396,109.
  - Gas Department expenses decreased \$192,282 compared to the prior fiscal year. This decrease was primarily attributable to a reduction of \$244,980 in the amount of natural gas purchased in response to the milder winter and a disposition of obsolete pipe of \$105,950 in the prior year. These decreases were offset by increases in direct labor of \$119,800 and payroll taxes and benefits of \$23,826.
  - Water Department expenses decreased by \$128,002 compared to the prior fiscal year. The decrease in Water Department expenses is primarily due to expenses related to 2016 flood recovery charged in the prior year of \$60,700 and a decrease in direct labor of \$34,679 and payroll taxes and benefits of \$12,369.
  - Sewer Department expenses decreased by \$89,693 compared to the prior fiscal year. This decrease is mostly related to a decrease in maintenance costs of the sewer collection system and treatment system of \$91,581.
  - Sanitation Department expenses increased \$13,868 compared to the prior fiscal year. This was the result of an increase in sub-contractor costs.
- Business-type program revenues – operating grants and contributions increased \$70,653 largely related to grants received from FEMA emergency repairs needed during and immediately subsequent to the August 2016 flooding event.
- Business-type program revenues – capital grants and contributions increased \$653,478. The increase is attributable to increases in FEMA grants received related to equipment purchased and utility infrastructure repairs.



## 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 \$6,677,573, an increase of \$1,461,854 in comparison with the prior fiscal year. In accordance with GASB #54, the governmental fund reporting includes classifications for Nonspendable, Restricted For, Committed To, Assigned To, and Unassigned. Approximately 77% of this total amount, \$5,111,739, constitutes unassigned fund balance, which is available for spending at the government's discretion. Nonspendable fund balance is \$1,326,250 or 20%. Nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The City Nonspendable classification meet both (a) and (b). Prepaid Insurance meets Nonspendable (a) and Permanent Fund Principal meets Nonspendable (b). Permanent Fund Principal is established to generate income to pay for the perpetual care of the municipal cemetery. Restricted fund balances are restricted to specific purposes (witness fees and Lakeland Acres Subdivision 1994 paving certificates debt service). Restricted fund balances are \$166,561 or 2%. 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 \$72,993 or 1%. 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 \$5,300,771. General fund balance has two classifications in accordance with GASB #54. Nonspendable - prepaid insurance fund balance of \$189,032 or 4%, and Unassigned fund balance of \$5,111,739 or 96%. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 39 percent of total general fund expenditures. Total fund balance represents 40 percent of total general fund expenditures.

During the current fiscal year, the fund balance of the City of Denham Springs' general fund increased by \$1,464,259, as compared to the prior fiscal year net decrease in fund balance of \$705,600. Key factors in this increase are as follows:

- General fund revenue resulted in a net increase of \$3,273,208 compared to the prior fiscal year. Key factors to this net decrease are:
  - Increase in net tax revenues of \$290,038. This increase is mostly attributable to an increase in sales taxes of \$287,897 offset by decreases in cable franchise taxes of \$18,011 and gaining taxes of \$27,357.
  - Decrease in fines and forfeits of \$96,897 compared to prior fiscal year amount. This decrease is attributable to a decrease in police fines.
  - Decrease in interest income of \$12,034.

- Increase in intergovernmental revenue of \$2,799,792, primarily related to grants received from FEMA and Louisiana Office of Community Development related to the August 2016 flooding event.
- Increase in miscellaneous revenue of \$296,505. This is primarily related to a second insurance premium rebate received from LWCC in the amount of \$266,502.
- 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 \$1,208,449 compared to the prior fiscal year. Key factors in this net increase are:
  - General government expenditures increased by \$1,570,898 or 61%. This increase was comprised of the purchase and remodel of City Hall at a cost of \$1,574,406 and an increase in utility costs at City Hall of \$53,746. These costs are partially offset by decreases in flood expenses related to the 2016 flood of \$25,702 and a decrease in legal and professional fees of \$25,210.
  - Public Safety expenditures decreased \$939,407 or 12%. Included in the decreases are decreases in Fire Department expenses related to equipment purchases of \$643,778, flood expenses of \$28,279, and insurance of \$25,789. Additionally, the Police Department recognized decreases in equipment purchased of \$82,026, uniform costs of \$26,052, salaries and benefits of \$89,971, and equipment repairs of \$20,338.
  - Highways and Street expenditures increased \$539,681 or 33%. The increase is related to increases in equipment purchased of \$518,148 and street maintenance and materials of \$116,152. These increases are partially offset by a decrease in equipment maintenance expense of \$56,542 and contract services of \$49,296.
  - Culture and Recreation activities increased \$36,099. The increase is related to an increase in park maintenance and upkeep of \$24,517 and repairs to Old City Hall of \$9,564.
  - Other Financing Uses decrease of \$54,900 related to an operating transfer out to the Capital Projects fund.
- Pension and other postemployment benefits – Substantially all employees of the City of Denham Springs are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana (MERS), Municipal Police Employees Retirement System of Louisiana (MPERS), or Firefighters Retirement System of Louisiana. These systems are multiple employer (cost-sharing), public employee retirement systems (PERS), controlled and administered by separate State appointed board of trustees.
- Additional information on the City of Denham Springs’ pension arrangements and post-employment benefits can be found in Notes 11 and 12 in the notes to the financial statements.
- Of concern is the related retirement benefit enjoyed by City employees. The City continues to monitor the State administered retirement system employer rates. For this fiscal period the rate for all plans the City participates in are as follows:

	<u>Prior Employer Rate</u>	<u>Current Employer Rate</u>	<u>Rate Increase</u>
Municipal Employees’ Retirement System of Louisiana	14.00%	14.00%	-
Municipal Police Employees’ Retirement System of Louisiana	32.25%	32.50%	0.25%
Firefighters’ Retirement System of Louisiana	26.50%	27.75%	1.25%

Overall retirement contributions decreased \$13,135 for the fiscal year ended June 30, 2020. The net decreases break down as follows:

	FY <u>18-19</u>	FY <u>19-20</u>	Increase <u>(Decrease)</u>
Municipal Employees' Retirement System of Louisiana	\$ 449,289	\$ 450,257	\$ 968
Municipal Police Employees' Retirement System	539,004	519,163	(19,841)
Firefighters' Retirement System of Louisiana	<u>341,944</u>	<u>347,682</u>	<u>5,738</u>
Total	<u>\$1,330,237</u>	<u>\$1,317,102</u>	<u>\$ (13,135)</u>

Permanent Fund has a total nonspendable – permanent fund principal fund balance of \$1,137,248, compared to the prior year nonspendable – permanent fund principal balance of \$1,059,668. This is the Cemetery Care Permanent Fund used to account for principal trust amounts received and related interest income. The interest income portion of the trust can be used to maintain the City's cemetery.

Special revenue fund – witness fee fund has a restricted fund balance of \$163,292, compared to a prior year restricted fund balance of \$163,858. This fund is used to account for the cost of court appearances by police officers at the City Court of Denham Springs – Ward II to provide testimony.

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

In the Utility Enterprise fund, charges for services decreased \$239,877. Attributable to this net decrease are decreases in charges for gas services of \$475,497, offset by increases in charges for water services of \$136,559, charges for sewer services of \$91,808, and charges for sanitation services of \$7,253.

Operating expenses decreased \$365,796. This decrease is primarily attributable to decreases in natural gas purchased of \$244,980 and repairs and maintenance of \$220,927. The decreases are offset by increases in personnel and benefits costs of \$105,014.

Unrestricted Net Position of the Utility Enterprise Fund at the end of the year amounted to \$12,287,521. The factors concerning the enterprise fund have already been addressed in the discussion of the City of Denham Springs' business-type activities.

The Denham Springs Sewerage District No. 1 (DSSD #1) unrestricted net position - (deficit) at the end of the year amounted to (\$8,931,075), compared to unrestricted net position - (deficit) for the prior fiscal year of (\$8,326,947). Net investment in capital assets is \$3,308,084. Sewer operations generated a decrease in net position of \$267,050. As of June 30, 2020 the DSSD #1 was billing 2,472 customers and the average bill was \$38.80 per month per customer. The Denham Springs Sewerage District No.1 owed \$9,083,100 to the City of Denham Springs Utility Fund as of June 30, 2020. This amount represents cash transfers in support of DSSD #1 debt sinking payments and operational costs. Of concern, the assumptions for financing the Denham Springs Sewerage District No. 1 are based on an initial customer count of 2,701 and the average charge being \$37.55 per month to pay the debt service and estimated operational cost. Recommended is the Denham Springs Sewerage District No. 1 rate structure be increased to meet debt service and operational cost.

## **General Fund Budgetary Highlights**

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

### Revenues:

Total final budgeted revenues decreased by \$667,300 over the original budget. Key to this decrease is:

- A decrease in FEMA Disaster Grants of \$422,397 and a decrease in OCD-DRU grants of \$25,937, in response to recovery from the 2016 flood.
- Sales tax revenue decreased by \$250,000.
- Decreases in Permits and Licenses of \$23,000 and gaming taxes of \$20,000.
- Decreases in police fines by \$202,500.
- Decreases in other grants of \$50,000.
- An increase in insurance premium rebates of \$332,857.

### Expenditures:

Total budgeted appropriations were decreased by \$2,226,759. The largest decreases were flood recovery related in General Government and Public Safety. These budgeted decreases are related to the relocation of City Hall and the rebuild of the animal shelter.

### Other Financing (Uses):

The budget was decreased for operating transfers out to Capital Projects Fund of \$94,535 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, 2020, amounts to \$66,301,131 (net of accumulated depreciation). This investment in capital assets includes land, servitudes acquisition cost, buildings and systems, improvements, machinery and equipment, roads, highways, and drainage.

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

- A new City Hall building was purchased and remodel of the building began, a street sweeper, sewer vacuum truck, dump truck, crack sealer, and trackloader were all purchased for the Street department, and 3 new police units were acquired for the Police department.
- Completed during the year was a repaving project for River Road North at a cost of \$712,965. The City paid design costs and 20% of the construction costs. This cost share was funded with Road Transfer Credits the city had available. LA DOTD funded the remaining 80% of the construction costs.

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

- The City had Gas system expansion costs of \$100,352 placed in service during the year. Additionally, the City has incurred \$613,141 for water projects and \$609,474 for sewer projects that are in progress. These are upgrade and repairs from damage incurred during the August 2016 flood.

City of Denham Springs  
Capital Assets  
(Net of Accumulated Depreciation)  
June 30, 2020 and 2019

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Land and Right-of-Ways	\$ 1,781,721	\$ 1,314,460	\$ 4,285,343	\$ 4,285,343	\$ 6,067,064	\$ 5,599,803
Buildings and Improvements	1,994,624	1,808,148	258,853	262,607	2,253,477	2,070,755
Gas System	-	-	1,549,901	1,560,190	1,549,901	1,560,190
Water System	-	-	7,704,344	8,061,669	7,704,344	8,061,669
Sewer System	-	-	38,942,482	40,391,533	38,942,482	40,391,533
Machinery and Equipment	3,093,158	2,762,110	844,110	437,060	3,937,268	3,199,170
Infrastructure	2,886,758	3,180,045	-	-	2,886,758	3,180,045
Construction in Progress	1,316,798	349,530	1,643,039	256,240	2,959,837	605,770
<b>Total</b>	<b>\$ 11,073,059</b>	<b>\$ 9,414,293</b>	<b>\$ 55,228,072</b>	<b>\$ 55,254,642</b>	<b>\$ 66,301,131</b>	<b>\$ 64,668,935</b>

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

**Long-term debt.** At the end of the current fiscal year, the City of Denham Springs had total debt outstanding of \$49,682,805. This debt is secured by utility service charges and lawfully available funds. There are no general obligation bonds outstanding by the City of Denham Springs at June 30, 2020.

City of Denham Springs  
General Obligation and Revenue Bonds  
June 30, 2020 and 2019

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Revenue Bonds	-	-	49,682,805	51,477,555	49,682,805	51,477,555

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 2020 unemployment rate for the City of Denham Springs was 7.8 percent, which is higher than the revised rate of 4.6 percent a year ago. This compares favorably to both the state's revised average unemployment rate of 10.4 percent and the revised national average rate of 11.2 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 2021 fiscal year. Current fiscal year end June 30, 2020 unassigned fund balance in the general fund is \$5,111,739. The City adopted a 2021 fiscal year general fund budget setting anticipated revenue of \$13,802,961 and anticipated appropriation expenditures of \$14,052,881 thereby anticipating a net loss of \$249,920.

Budgeted general fund revenues anticipate a net decrease of \$550,983 compared to the FYE 2020 amended adopted budget. The variances in the budgeted revenues are due to FEMA grants related to the August 2016 flood event to be received for ongoing recovery efforts.

Budgeted general fund expenditures anticipate a net increase of \$1,216,477 compared to the FYE 2020 amended adopted budget. The variance in the expenditures are related to flood recovery related to the August 2016 flood.

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

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



BASIC FINANCIAL STATEMENTS

## **BASIC FINANCIAL STATEMENTS**

**CITY OF DENHAM SPRINGS**  
**STATEMENT OF NET POSITION (DEFICIT)**  
**JUNE 30, 2020**

	Primary Government			Component Units			
	Governmental Activities	Business-Type Activities	Total	City Court of Denham Springs - Ward II	Marshal of City Court of Denham Springs - Ward II	Denham Springs Economic Development District	Springs at Riverside Landing Economic Development District
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 5,729,899	\$ 4,798,546	\$ 10,528,445	\$ 227,656	\$ 73,659	\$ -	\$ -
Receivables, Net	257,426	753,796	1,011,222	95	14,020	5,791	-
Due from Other Governments	1,566,733	1,013,106	2,579,839	-	-	-	-
Due from Component Unit	51,395	-	51,395	-	-	-	-
Inventories	10,157	271,186	281,343	-	-	-	-
Prepaid Items	189,032	84,669	273,701	-	-	-	-
Restricted Assets:							
Cash	-	2,444,506	2,444,506	-	-	4,521,645	-
Receivable	-	-	-	-	-	611	-
Due from Other Governments	-	-	-	-	-	1,471,240	-
Capital Assets:							
Land and Construction in Progress	3,098,519	5,928,382	9,026,901	-	-	7,303,750	-
Other Capital Assets, Net of Depreciation	7,974,540	49,299,690	57,274,230	75,455	59,138	21,502,064	-
Net Pension Asset	-	-	-	14,650	14,376	-	-
Total Assets	<u>18,877,701</u>	<u>64,593,881</u>	<u>83,471,582</u>	<u>317,856</u>	<u>161,193</u>	<u>34,805,101</u>	<u>-</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred Amount on Refunding	-	5,134,397	5,134,397	-	-	304,697	-
Deferred Outflows - Related to Pensions	2,738,946	574,820	3,313,766	62,439	15,310	-	-
Total Deferred Outflows of Resources	<u>2,738,946</u>	<u>5,709,217</u>	<u>8,448,163</u>	<u>62,439</u>	<u>15,310</u>	<u>304,697</u>	<u>-</u>
<b>LIABILITIES</b>							
Accounts Payable and Accrued Expenses	1,135,421	2,457,308	3,592,729	24,471	17,696	79,047	-
Due to Primary Government	-	-	-	1,266	14,354	-	35,775
Non-Current Liabilities:							
Due Within One Year	219,052	1,904,164	2,123,216	331	1,381	2,430,000	-
Due in More Than One Year:							
Other Amounts Due in More Than One Year	657,157	48,031,408	48,688,565	-	1,063	7,900,000	-
Net Pension Liability	10,088,109	1,885,795	11,973,904	276,793	-	-	-
Total Liabilities	<u>12,099,739</u>	<u>54,278,675</u>	<u>66,378,414</u>	<u>302,861</u>	<u>34,494</u>	<u>10,409,047</u>	<u>35,775</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred Inflows - Related to Pensions	1,198,043	147,340	1,345,383	38,085	37,788	-	-
<b>NET POSITION (DEFICIT)</b>							
Net Investment in Capital Assets	11,073,059	12,520,637	23,593,696	75,455	57,757	25,804,797	-
Restricted for:							
Cemetery Care:							
Nonexpendable	1,137,248	-	1,137,248	-	-	-	-
Civil Fees	-	-	-	142,124	-	-	-
Witness Fees	163,292	-	163,292	-	-	-	-
Other	3,269	-	3,269	-	-	-	-
Unrestricted (Deficit)	<u>(4,058,003)</u>	<u>3,356,446</u>	<u>(701,557)</u>	<u>(178,230)</u>	<u>46,464</u>	<u>(1,104,046)</u>	<u>(35,775)</u>
Total Net Position (Deficit)	<u>\$ 8,318,865</u>	<u>\$ 15,877,083</u>	<u>\$ 24,195,948</u>	<u>\$ 39,349</u>	<u>\$ 104,221</u>	<u>\$ 24,700,751</u>	<u>\$ (35,775)</u>

The accompanying notes are an integral part of this statement.

**CITY OF DENHAM SPRINGS**  
**STATEMENT OF ACTIVITIES**  
 FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Net (Expense) Revenue and Changes in Net Position										
	Expenses	Program Revenues			Primary Government			Component Units			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	City Court of Denham Springs - Ward II	Marshal of City Court of Denham Springs - Ward II	Denham Springs Economic Development District	Springs at Riverside Landing Economic Development District
<b>Primary Government:</b>											
Governmental Activities:											
General Government	\$ 2,639,104	\$ -	\$ 85,400	\$ 1,473,212	\$ (1,080,492)	\$ -	\$ (1,080,492)	\$ -	\$ -	\$ -	\$ -
Public Safety	7,292,904	394,851	739,500	287,710	(5,870,843)	-	(5,870,843)	-	-	-	-
Highways and Streets	1,961,810	10,820	895,795	526,955	(528,240)	-	(528,240)	-	-	-	-
Health	35,587	-	-	-	(35,587)	-	(35,587)	-	-	-	-
Culture and Recreation	178,390	-	20,749	-	(157,641)	-	(157,641)	-	-	-	-
Total Governmental Activities	12,107,795	405,671	1,741,444	2,287,877	(7,672,803)	-	(7,672,803)	-	-	-	-
Business-Type Activities:											
Gas	2,724,211	3,672,678	47,440	47,171	-	1,043,078	1,043,078	-	-	-	-
Water	2,230,902	3,427,674	37,129	545,056	-	1,778,957	1,778,957	-	-	-	-
Sewer	5,507,610	3,495,222	156,034	776,794	-	(1,079,560)	(1,079,560)	-	-	-	-
Sanitation	840,490	767,718	-	-	-	(72,772)	(72,772)	-	-	-	-
Total Business-Type Activities	11,303,213	11,363,292	240,603	1,369,021	-	1,669,703	1,669,703	-	-	-	-
Total Primary Government	\$ 23,411,008	\$ 11,768,963	\$ 1,982,047	\$ 3,656,898	(7,672,803)	1,669,703	(6,003,100)	-	-	-	-
<b>Component Units:</b>											
City Court of Denham Springs - Ward II	\$ 691,210	\$ 551,579	\$ 28,255	\$ 18,172	-	-	(93,204)	-	-	-	-
Marshal of City Court of Denham Springs - Ward II	472,390	222,293	74,889	-	-	-	-	(175,208)	-	-	-
Denham Springs Economic Development District	1,901,659	37,832	-	-	-	-	-	-	(1,863,827)	-	-
Springs at Riverside Landing Economic Development District	-	-	-	-	-	-	-	-	-	-	-
Total Component Units	\$ 3,065,259	\$ 811,704	\$ 103,144	\$ 18,172	-	-	(93,204)	(175,208)	(1,863,827)	-	-
<b>General Revenues:</b>											
Taxes:											
Property					326,552	-	326,552	-	-	-	-
Sales					7,687,752	-	7,687,752	-	-	6,881,542	-
Occupational and Permits					1,043,182	-	1,043,182	-	-	-	-
Franchise					680,415	-	680,415	-	-	-	-
Miscellaneous					771,851	22,095	793,946	976	15,957	-	-
Interest Income					44,647	65,328	109,975	193	66	46,483	-
Insurance Proceeds					-	79,987	79,987	-	-	-	-
Net Gain (Loss) on Disposition of Capital Assets					-	32,755	32,755	-	-	-	-
Payments from the City of Denham Springs					-	-	-	46,860	186,210	-	-
Total General Revenues					10,554,399	200,165	10,754,564	48,029	202,233	6,928,025	-
Change in Net Position					2,881,596	1,869,868	4,751,464	(45,175)	27,025	5,064,198	-
Net Position (Deficit) - Beginning of Year					5,437,269	14,007,215	19,444,484	84,524	77,196	19,636,553	(35,775)
Net Position (Deficit) - End of Year					\$ 8,318,865	\$ 15,877,083	\$ 24,195,948	\$ 39,349	\$ 104,221	\$ 24,700,751	\$ (35,775)

The accompanying notes are an integral part of this statement.

## CITY OF DENHAM SPRINGS

BALANCE SHEET  
GOVERNMENTAL FUNDS

JUNE 30, 2020

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,350,746	\$ 1,376,839	\$ 5,727,585
Receivables:			
Ad Valorem Taxes, Net	10,073	-	10,073
Other	247,353	-	247,353
Due from Other Governments	1,563,938	2,773	1,566,711
Due from Component Units	51,395	-	51,395
Prepaid Insurance	189,032	-	189,032
Total Assets	<u>\$ 6,412,537</u>	<u>\$ 1,379,612</u>	<u>\$ 7,792,149</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 831,139	\$ 2,810	\$ 833,949
Payroll Taxes Payable	10,085	-	10,085
Retirement and Group Insurance Payable	130,117	-	130,117
Accrued Salaries and Wages	112,333	-	112,333
Other Liabilities	28,092	-	28,092
Total Liabilities	1,111,766	2,810	1,114,576
<b>FUND BALANCES</b>			
Fund Balances:			
Nonspendable:			
Prepaid Insurance	189,032	-	189,032
Permanent Fund Principal	-	1,137,248	1,137,248
Restricted For:			
Witness Fees	-	163,292	163,292
Other Purposes	-	3,269	3,269
Assigned To:			
Capital Projects	-	72,993	72,993
Unassigned	5,111,739	-	5,111,739
Total Fund Balances	<u>5,300,771</u>	<u>1,376,802</u>	<u>6,677,573</u>
Total Liabilities and Fund Balances	<u>\$ 6,412,537</u>	<u>\$ 1,379,612</u>	<u>\$ 7,792,149</u>

The accompanying notes are an integral part of this statement.

## CITY OF DENHAM SPRINGS

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

JUNE 30, 2020

Fund Balances-Total Governmental Funds		\$ 6,677,573
<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	22,219,679	
Less Accumulated Depreciation	<u>(11,169,004)</u>	11,050,675
<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		(852,259)
Net Pension Liability		(10,005,670)
<p>Deferred Outflows of Resources Related to Pensions are not Reported in Governmental Funds</p>		
		2,711,184
<p>Deferred Inflows of Resources Related to Pensions are not Reported in Governmental Funds</p>		
		(1,191,391)
<p>The Motor Pool Internal Service Fund is Used by Management to Charge the Cost of Vehicle Repairs to Individual Funds. The Assets and Liabilities of the Internal Service Fund are Included in Governmental Activities in the Statement of Net Position - Motor Pool Internal Service Fund Net Position</p>		
		<u>(71,247)</u>
Net Position of Governmental Activities		<u>\$ 8,318,865</u>

The accompanying notes are an integral part of this statement.

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

FOR THE YEAR ENDED JUNE 30, 2020

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 8,857,987	\$ -	\$ 8,857,987
Licenses and Permits	1,043,182	-	1,043,182
Fines and Forfeits	360,880	-	360,880
Interest	41,741	2,906	44,647
Fees	17,576	10,319	27,895
Intergovernmental	3,753,611	232	3,753,843
Miscellaneous	518,564	79,670	598,234
Total Revenues	14,593,541	93,127	14,686,668
<b>Expenditures:</b>			
Current:			
General Government	4,125,508	15,881	4,141,389
Public Safety	6,692,899	-	6,692,899
Highways and Streets	2,181,365	-	2,181,365
Health	35,587	-	35,587
Culture and Recreation	119,023	-	119,023
Capital Outlay:			
Highways and Streets	-	79,651	79,651
Total Expenditures	13,154,382	95,532	13,249,914
Excess (Deficiency) of Revenues over Expenditures	1,439,159	(2,405)	1,436,754
<b>Other Financing Sources (Uses):</b>			
Proceeds from Disposition of Assets	25,100	-	25,100
Total Other Financing Sources (Uses)	25,100	-	25,100
Net Change in Fund Balances	1,464,259	(2,405)	1,461,854
<b>Fund Balances at Beginning of Year</b>	3,836,512	1,379,207	5,215,719
<b>Fund Balances at End of Year</b>	\$ 5,300,771	\$ 1,376,802	\$ 6,677,573

The accompanying notes are an integral part of this statement.

## CITY OF DENHAM SPRINGS

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

FOR THE YEAR ENDED JUNE 30, 2020

Net Change in Fund Balances - Total Governmental Funds		\$ 1,461,854
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	2,821,219	
Depreciation Expense	<u>(913,513)</u>	1,907,706
In the Statement of Activities, Only the Gain on the Sale of Capital Assets is reported. However, in the Governmental Funds, the Proceeds from the Sale Increase Financial Resources. Thus, the Change in Net Position Differs from the Change in the Fund Balance by the Cost of the Capital Assets Sold.		
Add Accumulated Depreciation on Capital Assets Retired		1,589,062
Less Cost Basis of Capital Assets Retired During the Year		(1,834,336)
Some Expenses Reported in the Statement of Activities do not Require the use of Current Financial Resources and are not Reported as Expenditures in Governmental Funds.		
(Increase) Decrease in Compensated Absences Payable		22,396
(Increase) Decrease in Pension Expense		(469,957)
Proportionate Share of Non-employer Contributions to the Pension Plans do not Provide Current Financial Resources and, Therefore, are not reported as Revenues in the Governmental Funds.		
		302,723
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>(97,852)</u>
Change in Net Position of Governmental Activities		<u>\$ 2,881,596</u>

The accompanying notes are an integral part of this statement.

**CITY OF DENHAM SPRINGS**  
GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
<b>Taxes:</b>				
Ad Valorem Taxes	\$ 309,000	\$ 320,000	\$ 326,552	\$ 6,552
Alcoholic Beverage Tax	50,000	50,000	54,140	4,140
Cable TV Franchise Tax	130,000	135,000	135,534	534
Chain Store Tax	22,000	22,000	24,485	2,485
Charitable Gaming Tax	100,000	80,000	84,643	4,643
Electrical Franchise Taxes	550,000	550,000	543,406	(6,594)
Sales Taxes	7,600,000	7,350,000	7,687,752	337,752
Wrecker Franchise Tax	1,650	1,650	1,475	(175)
	8,762,650	8,508,650	8,857,987	349,337
<b>Licenses and Permits:</b>				
Occupational Licenses	910,000	900,000	911,191	11,191
Other Permits and Licenses	133,125	110,125	131,991	21,866
	1,043,125	1,010,125	1,043,182	33,057
<b>Fines and Forfeits:</b>				
Ward II Court	558,000	355,500	359,703	4,203
Forfeiture Funds	-	1,177	1,177	-
	558,000	356,677	360,880	4,203
<b>Interest Income</b>	10,000	20,000	41,741	21,741
<b>Fees:</b>				
Animal Adoption Fees	5,000	6,000	6,756	756
Road Maintenance Fees	10,820	10,820	10,820	-
	15,820	16,820	17,576	756

(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, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Intergovernmental:</b>				
Federal Government:				
Law Enforcement Grants	30,000	50,000	43,096	(6,904)
Office of Community				
Development DRU Grant	718,618	692,681	692,681	-
FEMA Disaster Grants	3,168,849	2,746,452	2,550,651	(195,801)
Other Grant Revenue	-	-	26,092	26,092
State Government:				
Fire Insurance Commissions	43,000	43,000	50,525	7,525
On Behalf Payments for Salaries	354,000	305,000	308,832	3,832
Other Grant Revenue	50,000	-	-	-
Livingston Parish School Board				
School Resource Officer	81,732	81,732	81,734	2
	4,446,199	3,918,865	3,753,611	(165,254)
<b>Miscellaneous:</b>				
Insurance Premium Rebate	100,000	432,857	432,857	-
Royalties	200	200	182	(18)
Wreck Reports	12,000	14,000	16,896	2,896
Rent Income	250	750	725	(25)
Miscellaneous	59,000	61,000	67,904	6,904
	171,450	508,807	518,564	9,757
<b>Total Revenues</b>	<b>15,007,244</b>	<b>14,339,944</b>	<b>14,593,541</b>	<b>253,597</b>

(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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
<b>General Government:</b>				
General Provisions:				
Salaries	503,514	470,606	472,413	(1,807)
Council Per Diems	60,000	60,000	60,000	-
Payroll Taxes, Retirement, and Group Insurance	197,095	181,425	179,664	1,761
Buildings	2,624,153	1,668,759	1,344,145	324,614
Equipment Purchased	306,300	71,780	44,257	27,523
Flood Expenses	-	130,000	127,327	2,673
Insurance	27,825	27,825	53,239	(25,414)
Land Purchase	-	-	467,261	(467,261)
Legal and Professional	72,375	50,900	47,495	3,405
Membership Fees and Educational Training	30,000	30,000	29,205	795
Miscellaneous	72,644	96,440	75,172	21,268
Printing, Postage and Office Supplies	48,000	53,000	68,132	(15,132)
Rental Equipment	16,000	15,000	15,038	(38)
Repairs and Maintenance	37,700	40,194	53,194	(13,000)
Small Tools and Supplies	500	4,000	4,000	-
Telephone	45,000	60,240	63,131	(2,891)
Travel	9,000	8,750	6,542	2,208
Utilities	23,270	58,000	57,476	524
Total General Provisions	<u>4,073,376</u>	<u>3,026,919</u>	<u>3,167,691</u>	<u>(140,772)</u>
Cemetery:				
Contracted Services	52,326	51,300	51,300	-
Insurance	225	225	486	(261)
Miscellaneous	340	340	292	48
Repairs and Maintenance	2,900	-	810	(810)
Small Tools and Supplies	200	200	98	102
Total Cemetery	<u>55,991</u>	<u>52,065</u>	<u>52,986</u>	<u>(921)</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, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>General Government (Continued):</b>				
Tax:				
Salaries	63,284	63,284	61,558	1,726
Payroll Taxes, Retirement, and Group Insurance	21,980	21,880	21,800	80
Collection Fees	122,000	121,000	124,554	(3,554)
Equipment Purchased	1,000	-	826	(826)
Insurance	960	960	2,392	(1,432)
Legal and Professional	500	500	48	452
Miscellaneous	400	950	341	609
Printing, Postage and Office Supplies	2,500	3,000	2,635	365
Small Tools and Supplies	250	250	249	1
Tax Roll	5,000	5,000	4,955	45
Total Tax	217,874	216,824	219,358	(2,534)
Ward Court:				
Salaries	51,550	51,550	51,550	-
Payroll Taxes, Retirement, and Group Insurance	13,039	13,113	13,595	(482)
Additional Court Costs	20,000	17,500	15,958	1,542
Building Maintenance	4,500	-	-	-
Insurance	1,625	1,625	3,063	(1,438)
Payments to Component Units	233,071	233,071	233,070	1
Utilities	-	-	3,000	(3,000)
Total Ward Court	323,785	316,859	320,236	(3,377)

(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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>General Government (Continued):</b>				
Planning and Zoning:				
Salaries	192,764	191,264	192,487	(1,223)
Payroll Taxes, Retirement, and Group Insurance	80,183	78,161	78,374	(213)
Demolition Expense	-	212	212	-
Equipment Purchased	-	-	826	(826)
Insurance	6,625	6,625	10,276	(3,651)
Legal and Professional	35,000	3,000	8,735	(5,735)
Membership Fees and Educational Training	13,000	13,000	11,231	1,769
Miscellaneous	10,060	9,560	4,459	5,101
Printing, Postage and Office Supplies	5,500	4,500	3,366	1,134
Repairs and Maintenance	-	-	5	(5)
Small Tools and Supplies	2,500	1,750	1,000	750
Vehicle Expense	6,000	6,000	4,587	1,413
	<hr/>	<hr/>	<hr/>	<hr/>
Total Planning and Zoning	351,632	314,072	315,558	(1,486)
Landscaping:				
Contracted Services	50,184	49,200	49,200	-
Insurance	2,025	2,025	479	1,546
	<hr/>	<hr/>	<hr/>	<hr/>
Total Landscaping	52,209	51,225	49,679	1,546
	<hr/>	<hr/>	<hr/>	<hr/>
Total General Government	5,074,867	3,977,964	4,125,508	(147,544)

(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, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Public Safety:</b>				
Animal Control:				
Salaries	231,000	219,180	222,329	(3,149)
Payroll Taxes, Retirement, and Group Insurance	41,599	49,125	48,459	666
Animal Care Expense	66,500	43,000	41,022	1,978
Buildings	367,000	32,169	40,852	(8,683)
Equipment Purchased	23,000	37,451	37,451	-
Equipment Expense	3,250	8,291	7,108	1,183
Insurance	9,185	9,185	16,688	(7,503)
Miscellaneous	15,325	54,495	55,276	(781)
Small Tools and Supplies	2,300	1,300	2,660	(1,360)
Telephone	10,000	10,000	10,544	(544)
Utilities	11,860	11,860	10,310	1,550
Total Animal Control	<u>781,019</u>	<u>476,056</u>	<u>492,699</u>	<u>(16,643)</u>
Fire:				
Salaries	1,515,665	1,454,057	1,445,090	8,967
Payroll Taxes, Retirement, and Group Insurance	769,914	710,265	721,617	(11,352)
Legal and Professional	15,000	6,500	5,843	657
Equipment Purchased	9,812	40,371	83,391	(43,020)
Equipment Expense	75,000	67,000	62,286	4,714
Insurance	138,480	138,480	157,963	(19,483)
Membership Fees and Educational Training	29,500	28,000	25,893	2,107
Miscellaneous	11,650	10,750	15,881	(5,131)
Printing, Postage and Office Supplies	7,300	5,250	6,862	(1,612)
Repairs and Maintenance	112,500	63,243	20,570	42,673
Small Tools and Supplies	26,500	19,300	16,216	3,084
Telephone	25,000	27,500	27,331	169
Uniforms	12,650	20,000	19,755	245
Utilities	24,000	19,550	19,111	439
Total Fire	<u>2,772,971</u>	<u>2,610,266</u>	<u>2,627,809</u>	<u>(17,543)</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, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Public Safety (Continued):</b>				
Police:				
Salaries	1,961,992	1,894,944	1,867,366	27,578
Payroll Taxes, Retirement, and Group Insurance	1,090,302	986,871	981,771	5,100
Equipment Purchased	143,400	111,779	117,182	(5,403)
Equipment Expense	176,600	164,500	140,156	24,344
Equipment Rental	30,211	30,211	23,359	6,852
Insurance	158,630	165,130	210,539	(45,409)
Membership Fees and Educational Training	39,000	30,000	25,990	4,010
Miscellaneous	29,500	16,000	15,531	469
Printing, Postage and Office Supplies	14,500	10,800	9,617	1,183
Professional Fees	10,000	5,000	4,447	553
Repairs and Maintenance	89,725	42,780	43,293	(513)
Small Tools and Supplies	11,000	6,500	3,899	2,601
Telephone	80,400	60,000	57,358	2,642
Uniforms	60,000	35,885	35,664	221
Utilities	33,000	33,000	36,219	(3,219)
Total Police	3,928,260	3,593,400	3,572,391	21,009
Total Public Safety	7,482,250	6,679,722	6,692,899	(13,177)
<b>Highway and Streets:</b>				
Streets:				
Salaries	667,092	653,547	651,252	2,295
Payroll Taxes, Retirement, and Group Insurance	281,870	277,131	271,750	5,381
Contract Services	60,000	45,500	36,738	8,762
Equipment Purchased	433,526	347,995	616,918	(268,923)
Equipment Expense	115,000	96,550	84,308	12,242

(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, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Highway and Streets (Continued):</b>				
Streets:				
Equipment Rental	2,490	2,490	2,740	(250)
Flood Expenses	-	15,000	13,511	1,489
Insurance	76,190	76,190	100,983	(24,793)
Uniforms	15,000	15,000	15,000	-
Legal and Professional	1,000	1,000	475	525
Streets Maintenance and Materials	201,701	173,500	175,400	(1,900)
Membership Fees and Educational Training	400	400	255	145
Miscellaneous	34,943	55,144	56,700	(1,556)
Small Tools and Supplies	7,500	7,500	8,663	(1,163)
Telephone	10,000	15,000	16,161	(1,161)
Utilities	6,764	6,764	7,699	(935)
Total Streets	1,913,476	1,788,711	2,058,553	(269,842)
Lighting:				
Utilities	121,594	122,000	122,812	(812)
Total Lighting	121,594	122,000	122,812	(812)
Total Highways and Streets	2,035,070	1,910,711	2,181,365	(270,654)
<b>Health:</b>				
Council on Aging	209,500	9,900	29,638	(19,738)
Food Bank Contribution	1,000	4,000	-	4,000
Pest Control	10,000	5,000	5,949	(949)
Total Health	220,500	18,900	35,587	(16,687)

(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, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Culture and Recreation:</b>				
Culture:				
Salaries	29,734	29,734	25,515	4,219
Payroll Taxes, Retirement, and Group Insurance	2,606	2,406	2,045	361
Committee Expenses	-	-	1,598	(1,598)
Insurance	2,120	2,120	7,760	(5,640)
Legal and Professional	-	600	600	-
Membership Fees and Educational Training	1,000	500	375	125
Repairs and Maintenance	17,788	21,769	31,320	(9,551)
Printing, Postage and Office Supplies	5,500	3,500	1,374	2,126
Telephone	5,000	5,000	4,705	295
Travel	1,000	250	156	94
Utilities	6,893	6,893	6,684	209
Total Culture	71,641	72,772	82,132	(9,360)
Parks:				
Insurance	-	-	358	(358)
Land Improvements	500	500	-	500
Maintenance	38,350	35,850	36,533	(683)
Total Parks	38,850	36,350	36,891	(541)
Total Culture and Recreation	110,491	109,122	119,023	(9,901)
Total Expenditures	14,923,178	12,696,419	13,154,382	(457,963)

(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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	84,066	1,643,525	1,439,159	(204,366)
<b>Other Financing Sources (Uses):</b>				
Operating Transfers Out	(220,520)	(139,985)	-	139,985
Proceeds from Disposition of Assets	-	14,000	25,100	11,100
<b>Total Other Financing Sources (Uses)</b>	<u>(220,520)</u>	<u>(125,985)</u>	<u>25,100</u>	<u>151,085</u>
<b>Net Change in Fund Balance</b>	(136,454)	1,517,540	1,464,259	(53,281)
<b>Fund Balance at Beginning of Year</b>	<u>3,836,512</u>	<u>3,836,512</u>	<u>3,836,512</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u>\$ 3,700,058</u>	<u>\$ 5,354,052</u>	<u>\$ 5,300,771</u>	<u>\$ (53,281)</u>

The accompanying notes are an integral part of this statement.

**CITY OF DENHAM SPRINGS  
PROPRIETARY FUNDS**

STATEMENT OF NET POSITION

JUNE 30, 2020

	<u>Business-Type Activities -</u>			Governmental Activities - Motor Pool Internal Service Fund
	<u>Utility Enterprise Fund</u>	<u>Denham Springs Sewer District Number 1</u>	<u>Total Business-Type Activities</u>	
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 4,607,107	\$ 191,439	\$ 4,798,546	\$ 2,314
<b>Restricted Assets:</b>				
Cash for Customer Deposits	1,250,308	-	1,250,308	-
Revenue Bond Covenant Accounts	852,204	341,994	1,194,198	-
	2,102,512	341,994	2,444,506	-
<b>Receivables:</b>				
Accounts (Net of Allowance for Uncollectible Accounts of \$260,000)	348,307	-	348,307	-
Due from Other Governments	845,063	168,043	1,013,106	22
Unbilled Utility Sales	405,489	-	405,489	-
	1,598,859	168,043	1,766,902	22
<b>Inventory, at Cost</b>	271,186	-	271,186	10,157
<b>Due from Other Funds</b>	9,083,100	182,607	9,265,707	-
<b>Prepaid Expenses</b>	4,308	-	4,308	-
Total Current Assets	17,667,072	884,083	18,551,155	12,493
<b>Noncurrent Assets:</b>				
Prepaid Items	80,361	-	80,361	-
Capital Assets:				
Land and Construction in Progress	1,899,610	4,028,772	5,928,382	-
Other Capital Assets, at Cost (Net of Accumulated Depreciation)	30,985,047	18,314,643	49,299,690	22,384
Total Noncurrent Assets	32,965,018	22,343,415	55,308,433	22,384
Total Assets	50,632,090	23,227,498	73,859,588	34,877
<b>Deferred Outflows of Resources:</b>				
Deferred Amount on Refunding of Debt	2,157,419	2,976,978	5,134,397	-
Deferred Outflows - Related to Pensions	574,820	-	574,820	27,762
Total Deferred Outflows of Resources	2,732,239	2,976,978	5,709,217	27,762
Total Assets and Deferred Outflows of Resources	<u>\$ 53,364,329</u>	<u>\$ 26,204,476</u>	<u>\$ 79,568,805</u>	<u>\$ 62,639</u>

(CONTINUED)

CITY OF DENHAM SPRINGS  
PROPRIETARY FUNDS

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2020

	Business-Type Activities -			Governmental Activities - Motor Pool Internal Service Fund
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	
<b>Current Liabilities</b>				
<b>(Payable from Current Assets):</b>				
Accounts Payable	\$ 1,005,789	\$ 7,036	\$ 1,012,825	\$ 17,796
Accrued Salaries and Wages	54,752	-	54,752	-
Accumulated Unpaid Vacation	63,191	-	63,191	5,987
Customers' Deposits	1,236,809	-	1,236,809	-
Current Portion of Debt	1,179,683	661,290	1,840,973	-
Other Current Liabilities	15,983	-	15,983	3,049
Due To Other Funds	182,607	9,083,100	9,265,707	-
Accrued Bond Interest	73,207	63,732	136,939	-
Total Current Liabilities	3,812,021	9,815,158	13,627,179	26,832
<b>Noncurrent Liabilities:</b>				
Accumulated Unpaid Vacation	189,576	-	189,576	17,963
Debt Payable after One Year (Net of Unamortized Bond Premium or Discount)	25,829,523	22,012,309	47,841,832	-
Net Pension Liability	1,885,795	-	1,885,795	82,439
Total Noncurrent Liabilities	27,904,894	22,012,309	49,917,203	100,402
Total Liabilities	31,716,915	31,827,467	63,544,382	127,234
<b>Deferred Inflows of Resources:</b>				
Deferred Inflows - Related to Pensions	147,340	-	147,340	6,652
<b>Net Position:</b>				
Net Investment in Capital Assets	9,212,553	3,308,084	12,520,637	22,384
Unrestricted (Deficit)	12,287,521	(8,931,075)	3,356,446	(93,631)
Total Net Position (Deficit)	21,500,074	(5,622,991)	15,877,083	(71,247)
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 53,364,329	\$ 26,204,476	\$ 79,568,805	\$ 62,639

The accompanying notes are an integral part of this statement.

**CITY OF DENHAM SPRINGS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Business-Type Activities -			Governmental
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	Activities - Motor Pool Internal Service Fund
<b>Operating Revenues:</b>				
Charges for Services	\$ 10,179,261	\$ 1,184,031	\$ 11,363,292	\$ 314,519
Total Operating Revenues	10,179,261	1,184,031	11,363,292	314,519
<b>Operating Expenses:</b>				
Personal Services and Benefits	2,899,234	55,124	2,954,358	151,733
Contractual Services	1,179,903	40,470	1,220,373	380
Cost of Materials	754,368	-	754,368	227,594
Utilities	470,742	133,694	604,436	3,120
Repairs and Maintenance	1,084,048	146,481	1,230,529	12,742
Supplies	360,087	70,807	430,894	6,554
Insurance	213,393	9,773	223,166	9,825
Depreciation	1,641,615	474,745	2,116,360	3,666
Overhead Allocation	(222,059)	222,059	-	-
Total Operating Expenses	8,381,331	1,153,153	9,534,484	415,614
Operating Income (Loss)	1,797,930	30,878	1,828,808	(101,095)
<b>Nonoperating Revenues:</b>				
Intergovernmental	240,603	-	240,603	3,221
Interest	5,837	4,555	10,392	-
Amortization of Bond Premium	54,936	-	54,936	-
Gain on Disposition of Assets	32,755	-	32,755	-
Insurance Proceeds	79,987	-	79,987	-
Miscellaneous	22,095	-	22,095	22
Total Nonoperating Revenues	436,213	4,555	440,768	3,243
<b>Nonoperating Expenses:</b>				
Interest	959,724	797,195	1,756,919	-
Amortization of Bond Costs	3,348	8,276	11,624	-
Amortization of Bond Discount	-	186	186	-
Loss on Disposal of Capital Asset	-	-	-	-
Total Nonoperating Expenses	963,072	805,657	1,768,729	-
Income (Loss) Before Contributions	1,271,071	(770,224)	500,847	(97,852)
Capital Contributions	865,847	503,174	1,369,021	-
Change in Net Position	2,136,918	(267,050)	1,869,868	(97,852)
<b>Total Net Position (Deficit) at Beginning of Year</b>	19,363,156	(5,355,941)	14,007,215	26,605
<b>Total Net Position (Deficit) at End of Year</b>	\$ 21,500,074	\$ (5,622,991)	\$ 15,877,083	\$ (71,247)

The accompanying notes are an integral part of this statement.

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities -			Governmental Activities - Motor Pool Internal Service Fund
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	
<b>Cash Flows From Operating Activities:</b>				
Cash Received from Customers	\$ 9,843,584	\$ 1,046,093	\$ 10,889,677	\$ 314,497
Cash Payments to Suppliers for Goods and Services	(3,423,233)	(736,681)	(4,159,914)	(270,774)
Cash Payments to Employees for Services and Benefits	(2,778,309)	(55,124)	(2,833,433)	(146,615)
Other Receipts (Payments)	(469,909)	754,552	284,643	21
Net Cash Provided by (Used in) Operating Activities	3,172,133	1,008,840	4,180,973	(102,871)
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Acquisition and Construction of Capital Assets	(1,925,606)	(164,184)	(2,089,790)	-
Proceeds from Disposition of Assets	32,755	-	32,755	-
Interest Expense Paid on Long Term Debt	(875,496)	(778,539)	(1,654,035)	-
Principal Paid on Long Term Debt	(1,080,200)	(659,800)	(1,740,000)	-
Capital Contributions	865,847	503,174	1,369,021	-
Net Cash Used in Capital and Related Financing Activities	(2,982,700)	(1,099,349)	(4,082,049)	-
<b>Cash Flows From Investing Activities:</b>				
Interest Income Received	5,837	4,555	10,392	-
Net Cash Provided by Investing Activities	5,837	4,555	10,392	-
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	195,270	(85,954)	109,316	(102,871)
<b>Cash and Cash Equivalents - Beginning of Year</b>	6,514,349	619,387	7,133,736	105,185
<b>Cash and Cash Equivalents - End of Year</b>	\$ 6,709,619	\$ 533,433	\$ 7,243,052	\$ 2,314
<b>Schedule of Noncash Investing, Capital and Financing Activities:</b>				
Amortization of Deferred Bond Expense	\$ 3,348	\$ 8,276	\$ 11,624	\$ -
Amortization of Bond Premium and Discount (Net)	\$ (54,936)	\$ 186	\$ (54,750)	\$ -
Loss on Disposal of Capital Assets	\$ (32,755)	\$ -	\$ (32,755)	\$ -
Non-employer Contributions to the Pension Plans	\$ 58,042	\$ -	\$ 58,042	\$ 3,221
<b>Reconciliation of Cash and Cash Equivalents to the Balance Sheet:</b>				
Cash and Cash Equivalents	\$ 4,607,107	\$ 191,439	\$ 4,798,546	\$ 2,314
Cash for Customer Deposits	1,250,308	-	1,250,308	-
Revenue Bond Covenant Accounts	852,204	341,994	1,194,198	-
Total Cash and Cash Equivalent	\$ 6,709,619	\$ 533,433	\$ 7,243,052	\$ 2,314

(CONTINUED)

**CITY OF DENHAM SPRINGS  
PROPRIETARY FUNDS**

**STATEMENT OF CASH FLOWS (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities -			Governmental
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	Activities - Motor Pool Internal Service Fund
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>				
<b>Provided by (Used in) Operating Activities:</b>				
Operating Income (Loss)	\$ 1,797,930	\$ 30,878	\$ 1,828,808	\$ (101,095)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	1,641,615	474,745	2,116,360	3,666
Intergovernmental Revenues	182,561	-	182,561	-
Miscellaneous Revenues	22,095	-	22,095	21
Insurance Proceeds	79,987	-	79,987	-
Pension Expense Adjustment	79,132	-	79,132	3,752
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	272,442	-	272,442	-
(Increase) Decrease in Other Receivables	(630,174)	(137,938)	(768,112)	(22)
(Increase) Decrease in Unbilled Utility Sales	(28,473)	-	(28,473)	-
(Increase) Decrease in Due from Other Funds	(773,772)	(19,220)	(792,992)	-
(Increase) Decrease in Inventory	(46,033)	-	(46,033)	2,297
(Increase) Decrease in Prepaid Expenses	4,494	5,106	9,600	-
Increase (Decrease) in Accounts Payable - Trade	451,907	(118,503)	333,404	(12,856)
Increase (Decrease) in Accrued Salaries and Wages	16,890	-	16,890	-
Increase (Decrease) in Other Current Liabilities	6,881	-	6,881	1,043
Increase (Decrease) in Due To Other Funds	19,220	773,772	792,992	-
Increase (Decrease) in Customers' Deposits	50,528	-	50,528	-
Increase (Decrease) in Accumulated Unpaid Vacation	24,903	-	24,903	323
Net Cash Provided by (Used in) Operating Activities	<u>\$ 3,172,133</u>	<u>\$ 1,008,840</u>	<u>\$ 4,180,973</u>	<u>\$ (102,871)</u>

The accompanying notes are an integral part of this statement.



NOTES TO THE FINANCIAL STATEMENTS

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

### (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, 2020 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, 2020

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

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

#### BLENDED COMPONENT UNIT

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

#### DISCRETELY PRESENTED COMPONENT UNITS

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

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

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

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, 2020.

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, 2020.

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

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

The purpose of the District is to secure Sales Tax Increment Revenue bonds issued to provide funds for the construction of infrastructure improvements and acquiring, constructing and equipping the Bass Pro retail outlet and restaurant and ancillary items within the District. The District issued Sales Tax Increment Revenue Bonds Series 2007 A, B, and C dated March 1, 2007 in the total amount of \$41,540,000 and issued Sales

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

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, 2020.

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

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

The purpose of the Springs is to secure Sales Tax Increment Revenue bonds to finance drainage and drainage related activities, parking and lighting improvements for the Springs and provide for the construction and development of other public infrastructure in connection with the Springs. The bonds would be repaid from sales tax revenues generated by developments within the District. Collateral for the bonds would be limited to the prospective developments and the City of Denham Springs would have no liability for these bonds or for the debt service of these bonds. As of June 30, 2020, no bonds had been issued.

#### RELATED ORGANIZATIONS

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

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

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

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

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

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

Denham Springs/Livingston Housing and Mortgage  
Finance Authority

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

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

#### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

#### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

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

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

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

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

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

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.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

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

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

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

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's utility fund and of the City's internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to 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, 2020

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

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

1. Deposits and Investments -

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

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

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

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

2. Receivables and Payables -

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

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance classification in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. At June 30, 2020, there were no advances between funds.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable based on agings and estimated charge-off percentages comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to three percent of the current year property tax levy plus one hundred percent of any unpaid prior year tax at June 30, 2020.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

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

3. Inventories and Prepaid Items -

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

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

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

4. Restricted Assets -

*Primary Government -*

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

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

*Component Unit -*

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

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,

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

individual cost of more than \$2,000 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period.

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

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

6. Deferred Outflows and Inflows of Resources -

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

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

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

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

7. Compensated Absences -

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

8. Pensions -

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

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. Long-Term Obligations -

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

10. Net Position -

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

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

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

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

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

#### 11. Fund Equity -

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

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

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

*Committed* - Amounts that can only be used for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City of Denham Springs that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

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

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

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

##### Retiree Benefits -

In addition to the pension benefits described in Note 11, the City provides postretirement healthcare benefits to all employees who retire from the City, as per the requirements of a local ordinance. The group insurance is paid by the City and reimbursed by the retired employee. There is no associated cost to the City under this program, and there are only six (6) participants in the program as of June 30, 2020. Since the retiree healthcare benefit program is reimbursed to the City by the participants and the number of retirees opting to use this benefit has been historically low, the City determined any postemployment benefit accrual would be immaterial to the financial statements as the only potential accrual would be the implicit benefit of the retirees of paying the insurance group rate.

##### COBRA Benefits –

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premiums are paid by the City and reimbursed by the insured. This program is offered for a duration of eighteen (18) months after the termination date. There is no associated cost to the City under this program, and at June 30, 2020, there are no participants in the program.

#### 13. Use of Estimates -

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

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

#### 14. Current Accounting Pronouncements -

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

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

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged. Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or, if applied to earlier periods, the beginning of the earliest period restated). However, lessors should not restate the assets underlying their existing sales-type or direct financing leases. Any residual assets for those leases become the carrying values of the underlying assets.

In June 2018, the Governmental Accounting Standards Board issued GASB Statement No 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

In March 2020, the Governmental Accounting Standards Board issued GASB Statement No 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

In May 2020, the Governmental Accounting Standards Board issued GASB Statement No 96 *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in [Statement No. 87, Leases](#), as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

In June 2020, the Governmental Accounting Standards Board issued GASB Statement No 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for [Internal Revenue Code \(IRC\) Section 457](#) deferred compensation plans ( [Section 457](#) plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for [Section 457](#) plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

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

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

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

#### A. Budgetary Information

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

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

1. The City Treasurer prepares a proposed budget and submits same to the Mayor and Council no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
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, 2020, the City Council approved the decrease in the original expenditures and transfers out of the General Fund from \$15,143,698 to \$12,836,404.

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

The total General Fund decrease amounted to \$2,307,294. The General Fund budget as amended was decreased \$1,290,000 for building improvements for City hall and animal control that were not completed in 2020, decreased approximately \$308,000 in equipment purchased, decreased approximately \$200,000 for Council on Aging building improvements that did not occur in the current year, decreased approximately \$188,000 for salaries, flood expenses increased approximately \$145,000, payroll taxes, retirement, and group insurance decreased approximately \$178,000, decreased approximately \$66,000 in legal and professional expenses, decreased approximately \$136,000 in operating transfers out, and repairs and maintenance expense decreased approximately \$93,000. These areas were the major budget increases and decreases.

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

**(3) Deposits and Investments -**

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

The City also invests excess funds in interest bearing demand deposit accounts. At June 30, 2020, the City had no certificates of deposit investments.

The discretely presented component units maintain deposit accounts similar to the Primary Government.

**A. Primary Government**

As reflected in Exhibit A-1, the City of Denham Springs, Louisiana has cash totaling \$12,972,951. 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, 2020.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Deposits in Bank Accounts per Balance Sheet:			
Cash and Cash Equivalents	\$5,729,899	\$7,243,052	\$12,972,951
	<u>                    </u>	<u>                    </u>	<u>                    </u>

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

*Custodial Credit Risk - Deposits*

In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. To mitigate this risk, state law requires for these deposits (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The pledged securities are deemed by Louisiana State Law to be under the control and possession and in the name of the City regardless of its designation by the financial institution in which it is deposited. As of June 30, 2020, none of the City’s bank balance of \$12,965,160 was exposed to custodial credit risk. Neither the City of Denham Springs nor its discretely presented component units has a policy for custodial credit risk.

**B. Deposits - Discretely Presented Component Units**

The discretely presented component units are required to invest funds within the same state statutes as the primary government. Component unit deposits (including demand deposit accounts and all certificates of deposits) at June 30, 2020, are summarized below.

	City Court of Denham Springs- Ward II	Marshall of City Court of Denham Springs- Ward II	Denham Springs Economic Development District
Deposits in Bank Accounts			
Per Balance Sheet:			
Cash and Cash Equivalents	\$ 227,656	\$ 73,659	\$ 4,521,645
Fiduciary Amounts - Not Included in Statement of Net Position	259,377	-	-
	\$ 487,033	\$ 73,659	\$ 4,521,645

*Custodial Credit Risk - Deposits*

In the case of deposits, this is the risk that in the event of a bank failure, the component units’ deposits may not be returned to them. To mitigate this risk, state law requires for these deposits (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The pledged securities are deemed by Louisiana State Law to be under the control and possession and in the name of the component unit regardless of its designation by the financial institution in which it is deposited. As of June 30, 2020, none of the component unit’s bank balance of \$5,246,085 was exposed to custodial credit risk.

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

**(4) Ad Valorem Taxes -**

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

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

For the year ended June 30, 2020, taxes of 3.724 mills were levied on property with assessed valuations totaling \$88,109,420 and were dedicated to general purposes.

Total taxes levied were \$328,119. Taxes receivable at June 30, 2020, consisted of the following:

Taxes Receivable - Current Roll	\$ 12,534
Taxes Receivable - Prior Years	<u>37,008</u>
	49,542
Allowance for Uncollectible Taxes	<u>(39,469)</u>
	<u>\$ 10,073</u>

**(5) Receivables -**

Receivables as of June 30, 2020, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Interest</u>	<u>Ad Valorem Taxes</u>	<u>Franchise Taxes</u>	<u>Accounts</u>	<u>Unbilled Sales</u>	Less: <u>Allowance for Uncollectibles</u>	Total - <u>Net Receivable</u>
<u>Governmental Activities:</u>							
General Fund	\$ -	\$ 49,542	\$ 118,225	\$ 129,128	\$ -	\$ (39,469)	\$ 257,426
Nonmajor Governmental Funds	-	-	-	-	-	-	-
Total Governmental Activities	-	49,542	118,225	129,128	-	(39,469)	257,426
<u>Business Type-Activities:</u>							
Utility Fund	-	-	-	608,307	405,489	(260,000)	753,796
<u>Component Units:</u>							
City Court of Denham Springs - Ward II	-	-	-	95	-	-	95
Marshal of City Court of Denham Springs - Ward II	-	-	-	14,020	-	-	14,020
Denham Springs Economic Development District	<u>611</u>	-	-	<u>5,791</u>	-	-	<u>6,402</u>
Total Component Units	<u>611</u>	-	-	<u>19,906</u>	-	-	<u>20,517</u>
	<u>\$ 611</u>	<u>\$ 49,542</u>	<u>\$ 118,225</u>	<u>\$ 757,341</u>	<u>\$ 405,489</u>	<u>\$ (299,469)</u>	<u>\$ 1,031,739</u>

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

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

Due from Other Governments as of June 30, 2020, 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	\$1,229,180	\$ 15,597	\$ 50,525	\$ 242,544	\$ 26,092	\$1,563,938
Motor Pool Fund	-	-	-	-	22	22
Capital Projects Fund	-	<u>2,773</u>	-	-	-	<u>2,773</u>
Total Governmental Activities	<u>1,229,180</u>	<u>18,370</u>	<u>50,525</u>	<u>242,544</u>	<u>26,114</u>	<u>1,566,733</u>
<u>Business-Type Activities:</u>						
Utility Fund	-	-	-	829,646	15,417	845,063
Sewer District #1 Fund	-	-	-	<u>158,120</u>	<u>9,923</u>	<u>168,043</u>
Total Business-Type Activities	-	-	-	<u>987,766</u>	<u>25,340</u>	<u>1,013,106</u>
<u>Component Units:</u>						
Denham Springs Economic Development District	<u>1,003,203</u>	<u>468,037</u>	-	-	-	<u>1,471,240</u>
Total Component Units	<u>1,003,203</u>	<u>468,037</u>	-	-	-	<u>1,471,240</u>
	<u>\$2,232,383</u>	<u>\$ 486,407</u>	<u>\$ 50,525</u>	<u>\$1,230,310</u>	<u>\$ 51,454</u>	<u>\$4,051,079</u>

**(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>
<u>Business Type-Activities:</u>			
Denham Springs Sewer District Number 1	Utility Fund	\$ 9,083,100	\$ -
	Utility Fund	-	182,607
Utility Fund	Sewer District Number 1	-	9,083,100
	Sewer District Number 1	<u>182,607</u>	-
		<u>\$ 9,265,707</u>	<u>\$ 9,265,707</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The Denham Springs Sewer District Number 1 owes the Utility Fund \$9,083,100 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 \$182,607 for impact fees collected and billed and unbilled sales for the month of June 2020. 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, 2020

	<u>Due (To)/From Primary Government</u>	<u>Due (To)/From Component Units</u>
<u>Primary Government:</u>		
General Fund	\$ -	\$ 51,395
<u>Component Units:</u>		
Springs at Riverside Landing Economic Development District	(35,775)	-
City Court of Denham Springs - Ward II	(1,266)	-
Marshall of City Court of Denham Springs - Ward II	<u>(14,354)</u>	<u>-</u>
Total	<u><u>\$ (51,395)</u></u>	<u><u>\$ 51,395</u></u>

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

Primary government capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land and Right-of-Ways	\$ 1,314,460	\$ 467,261	\$ -	\$ 1,781,721
Construction in Progress	<u>349,530</u>	<u>1,883,466</u>	<u>(916,198)</u>	<u>1,316,798</u>
Total Capital Assets not being Depreciated	1,663,990	2,350,727	(916,198)	3,098,519
Capital Assets being Depreciated:				
Buildings and Improvements	5,507,105	538,174	(1,259,425)	4,785,854
Infrastructure	7,259,714	-	-	7,259,714
Equipment	<u>7,077,451</u>	<u>848,516</u>	<u>(574,911)</u>	<u>7,351,056</u>
Total Capital Assets being Depreciated	19,844,270	1,386,690	(1,834,336)	19,396,624

(CONTINUED)

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	3,698,957	108,280	(1,016,007)	2,791,230
Infrastructure	4,079,669	293,287	-	4,372,956
Equipment	4,315,341	515,612	(573,055)	4,257,898
Total Accumulated Depreciation	<u>12,093,967</u>	<u>917,179</u>	<u>(1,589,062)</u>	<u>11,422,084</u>
Total Capital Assets being Depreciated, Net	<u>7,750,303</u>	<u>469,511</u>	<u>(245,274)</u>	<u>7,974,540</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 9,414,293</u>	<u>\$ 2,820,238</u>	<u>\$ (1,161,472)</u>	<u>\$ 11,073,059</u>

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>
<u>Business-Type Activities:</u>				
Capital Assets not being Depreciated:				
Land and Right-of-Ways	\$ 4,285,343	\$ -	\$ -	\$ 4,285,343
Construction in Progress	256,240	1,386,799	-	1,643,039
Total Capital Assets not being Depreciated	4,541,583	1,386,799	-	5,928,382
Capital Assets being Depreciated:				
Buildings and Improvements	583,297	8,300	-	591,597
Gas System	5,457,717	100,352	-	5,558,069
Water System	17,505,276	39,535	-	17,544,811
Sewer System	57,249,582	-	-	57,249,582
Equipment	2,785,870	554,804	(211,991)	3,128,683
Total Capital Assets being Depreciated	83,581,742	702,991	(211,991)	84,072,742

(CONTINUED)

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	320,690	12,054	-	332,744
Gas System	3,897,527	110,641	-	4,008,168
Water System	9,443,607	396,860	-	9,840,467
Sewer System	16,858,049	1,449,051	-	18,307,100
Equipment	2,348,810	147,754	(211,991)	2,284,573
Total Accumulated Depreciation	<u>32,868,683</u>	<u>2,116,360</u>	<u>(211,991)</u>	<u>34,773,052</u>
Total Capital Assets being Depreciated, Net	<u>50,713,059</u>	<u>(1,413,369)</u>	<u>-</u>	<u>49,299,690</u>
Total Business-Type Activities Capital Assets, Net	<u>\$ 55,254,642</u>	<u>\$ (26,570)</u>	<u>\$ -</u>	<u>\$ 55,228,072</u>

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

<u>Governmental Activities:</u>		<u>Business-Type Activities:</u>	
General Government	\$ 80,133	Water	\$ 445,175
Public Safety	440,286	Gas	145,558
Highways and Streets	339,907	Sewer	1,523,693
Parks and Recreation	53,187	Sanitation	1,934
	<u>913,513</u>	Total Depreciation Expense - Business-Type Activities	<u>\$ 2,116,360</u>
Capital Assets Held by Internal Service Funds are Charged to the Various Functions Based on their Usage of the Assets	<u>3,666</u>		
Total Depreciation Expense - Governmental Activities	<u>\$ 917,179</u>		

Commitments

*Governmental Activities:*

The City has seven active construction projects as of June 30, 2020 in the governmental activities. The projects include the New City Hall Renovations Project, Animal Shelter Rebuild and Repair Project, Pavilion Construction at Old City Hall Project, J Turn Project, Benton Lane Overlay Project, Hatchell Lane Sidewalks Projects, and the Caselle Module Upgrades Project. The New City Hall Renovations Project, Animal Shelter Rebuild and Repair Project, Pavilion Construction at Old City Hall Project, Benton Lane Overlay Project, and Caselle Module Upgrades Project are the City owned projects. The other two projects are State of Louisiana owned.

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

The following schedule represents commitments in the governmental funds at June 30, 2020:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
New City Hall Renovations Project	\$ 1,088,128	\$ 588,835
Animal Shelter Rebuild and Repair Project	44,190	25,370
Pavilion Construction at Old City Hall Project	22,040	22,776
Benton Lane Overlay Project	143,485	84,035
Caselle Module Upgrades Project	<u>18,955</u>	<u>-</u>
	<u>\$ 1,316,798</u>	<u>\$ 721,016</u>

*Business-Type Activities:*

The City has four active construction projects as of June 30, 2020 in the business-type activities. The projects include the Rushing Road Water Well Project, Other Water Wells Project (excluding Rushing Road Water Well Project), Denham Springs Sewerage District Number 1 Lift/Pump Stations Project, and Caselle Module Upgrades. These four projects are owned by the City.

The following schedule represents commitments in the proprietary funds at June 30, 2020:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Rushing Road Water Well Project	\$ 520,810	\$ 13,554
Other Water Wells Project	121,136	51,534
Sewer Lift/Pump Stations Projects	998,798	1,024,402
Caselle Module Upgrades Project	<u>2,295</u>	<u>-</u>
	<u>\$ 1,643,039</u>	<u>\$ 1,089,490</u>

Component Units

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

City Court of Denham Springs - Ward II:

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
<u>Governmental Activities:</u>				
Capital Assets Being Depreciated				
Furniture and Fixtures	\$ 14,916	\$ -	\$ -	\$ 14,916
Software	70,300	2,900	-	73,200
Computer Equipment	60,856	-	-	60,856
Total	<u>146,072</u>	<u>2,900</u>	<u>-</u>	<u>148,972</u>
Less: Accumulated				
Depreciation	<u>45,140</u>	<u>28,377</u>	<u>-</u>	<u>73,517</u>
Capital Assets, Net	<u>\$ 100,932</u>	<u>\$ (25,477)</u>	<u>\$ -</u>	<u>\$ 75,455</u>

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

Marshal of City Court of Denham Springs - Ward II:

	Balance			Balance
	<u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>
<u>Governmental Activities:</u>				
Capital Assets Being Depreciated				
Office Equipment	\$ 9,673	\$ -	\$ -	\$ 9,673
Machinery and Equipment	23,654	-	-	23,654
Vehicles	<u>220,876</u>	<u>-</u>	<u>(14,950)</u>	<u>205,926</u>
Total	254,203	-	(14,950)	239,253
Less: Accumulated				
Depreciation	<u>167,672</u>	<u>27,393</u>	<u>(14,950)</u>	<u>180,115</u>
Capital Assets, Net	<u>\$ 86,531</u>	<u>\$ (27,393)</u>	<u>\$ -</u>	<u>\$ 59,138</u>

Denham Springs Economic Development District:

	Balance			Balance
	<u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land	\$ 7,303,750	\$ -	\$ -	\$ 7,303,750
Total Capital Assets not being Depreciated	7,303,750	-	-	7,303,750
Capital Assets being Depreciated:				
Buildings and Improvements	26,205,237	-	-	26,205,237
Roads	6,566,631	-	-	6,566,631
Utilities	<u>2,063,484</u>	<u>-</u>	<u>-</u>	<u>2,063,484</u>
Total Capital Assets being Depreciated	34,835,352	-	-	34,835,352

(CONTINUED)

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

	Balance			Balance
	June 30, 2019	Additions	Deletions	June 30, 2020
Less: Accumulated Depreciation for:				
Buildings and Improvements	7,452,114	655,130	-	8,107,244
Roads	3,620,933	328,332	-	3,949,265
Utilities	1,173,605	103,174	-	1,276,779
Total Accumulated				
Depreciation	12,246,652	1,086,636	-	13,333,288
Total Capital Assets being				
Depreciated, Net	22,588,700	(1,086,636)	-	21,502,064
Total Governmental Activities				
Capital Assets, Net	\$ 29,892,450	\$(1,086,636)	\$ -	\$ 28,805,814

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

Governmental Activities:

City Court of Denham Springs – Ward II	\$ 28,377
Marshal of City Court of Denham Springs - Ward II	27,393
Denham Springs Economic Development District	<u>1,086,636</u>
	<u>\$1,142,406</u>

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

**Primary Government -**

Revenue Bonds

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

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

#### Prior Years Advance Refundings

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

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

The advance refunding of the Series 2006 bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,322,115, \$710,452 on the Series 2014 bonds and \$611,663 on the Series 2015 bonds, which was deferred and is being amortized over the life of the new bonds. The difference is reported in the accompanying financial statements as a deferred outflow of resources and is being charged to operations as a component of interest expense. At June 30, 2020, the unamortized balance is \$1,238,744.

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

The advance refunding of the Series 2008 bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$940,387, which was deferred and is being amortized over the life of the new bonds. The difference is reported in the accompanying financial statements as a deferred outflow of resources and is being charged to operations as a component of interest expense. At June 30, 2020, the unamortized balance is \$885,526. As a result of the issuance of the Revenue Refunding Bonds Series 2016, \$7,155,000 of the 2008 Series Bonds were considered in-substance defeased and the liability for those bonds was removed from the City's books. The 2008 Series Bonds were paid off during fiscal year 2019.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

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

The advance refunding of the Series 2006 and 2009 bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$3,252,171, which was deferred and is being amortized over the life of the new bonds. The difference is reported in the accompanying financial statements as a deferred outflow of resources and is being charged to operations as a component of interest expense. At June 30, 2020, the unamortized balance is \$3,010,127. As a result of the issuance of the Sewer Revenue Refunding Bonds Series 2016, \$1,255,000 of the 2006 Series Bonds and \$21,425,000 of the 2009 Series Bonds were considered in-substance defeased and the liability for those bonds was removed from the City's books. The 2009 Series bonds were paid off during fiscal year 2020. The 2006 Series Bonds were paid off during fiscal year 2017.

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

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

The revenue bonds outstanding at June 30, 2020, are as follows:

<u>Description/Purpose</u>	<u>Original Issue Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance June 30, 2020</u>
Business-Type Activities:				
Utility Enterprise Fund:				
2014 Utility Revenue Refunding Bonds	\$ 9,145,000	1.00 to 4.88%	12-01-2031	\$ 8,835,000
2015 Utility Revenue Refunding Bonds	\$ 9,440,000	2.00 to 4.00%	12-01-2036	8,525,000
2016 Utility Revenue Refunding Bonds	\$ 7,885,000	1.20 to 4.00%	12-01-2038	7,425,000
2016 Sewer Revenue Refunding Bonds	\$ 1,433,929	3.39%	12-01-2039	1,326,401
Denham Springs Sewer District Number 1:				
2016 Sewer Revenue Refunding Bonds	\$24,496,071	3.39%	12-01-2039	22,673,599
Total Revenue Bonds				\$48,785,000

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

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

Year Ending June 30,	Principal	Interest	Total
2021	\$ 1,785,000	\$ 1,620,460	\$ 3,405,460
2022	1,835,001	1,574,194	3,409,195
2023	1,885,001	1,523,663	3,408,664
2024	1,930,000	1,468,991	3,398,991
2025	1,995,000	1,407,055	3,402,055
2026-2030	10,975,000	6,905,782	17,880,782
2031-2035	12,910,000	3,943,830	16,853,830
2036-2040	15,469,998	1,375,426	16,845,424
Total Revenue Bonds	<u>\$48,785,000</u>	<u>\$ 19,819,401</u>	<u>\$68,604,401</u>

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

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

The City is required to pay monthly one-sixth (1/6) of the interest due on the next interest payment date due on the bonds into an interest account of the Debt Service Fund. In addition, the City is required to pay monthly one-twelfth (1/12) of the principal due on the next principal payment date due on the bonds into a principal account of the Debt Service Fund. At June 30, 2020, the Debt Service Fund requirements for the interest and principal accounts were fully funded with an actual balance of \$61,070.

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

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

The City is required to pay monthly one-sixth (1/6) of the interest due on the next interest payment date due on the bonds into an interest account of the Debt Service Fund. In addition, the City is required to pay monthly one-twelfth (1/12) of the principal due on the next principal payment date due on the bonds into a principal account of the Debt Service Fund. At June 30, 2020, the Debt Service Fund requirements for the interest and principal accounts were fully funded with an actual balance of \$453,979.

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

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

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

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, 2020, the Debt Service Fund requirements for the interest and principal accounts were fully funded with an actual balance of \$210,515.

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

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

The City is required to pay monthly one-sixth (1/6) of the interest due on the next interest payment date due on the bonds into an interest account of the Debt Service Fund. In addition, the City is required to pay monthly one-twelfth (1/12) of the principal due on the next principal payment date due on the bonds into a principal account of the Debt Service Fund. At June 30, 2020, the Debt Service Fund requirements for the interest and principal accounts were fully funded with an actual balance of \$468,470.

For fiscal year end 2019, the City met the bond covenant that requires the Utility Enterprise Fund net revenues combined with the Denham Springs Sewer District Number 1 net revenues in each fiscal year equal to a least one hundred twenty-five percent of the required deposits to the debt service funds.

#### Loan Commitment

On June 13, 2017, a Community Disaster Loan (CDL) application was approved for the City. The City was approved for a loan amount up to \$4,913,474 with an interest rate of 1.75%. The loan would mature June 12, 2022 unless the terms of the note is extended by the federal government. At June 30, 2020, the balance on the note is \$-0- as the City had not made any draws on the loan. The intent of the loan is to replace lost operating revenues due to the significant natural disaster. The August 2016 flooding event and subsequent damages to the surround areas enabled the City to qualify for the loan and management initially applied for the loan because of the uncertainty of the effects of the flooding event on its revenue sources.

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

Changes in Long-Term Liabilities. Long-term liability activity for the year ended June 30, 2020 is as follows:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 898,283	\$ 724,710	\$ 746,784	\$ 876,209	\$ 219,052
Net Pension Liability	9,529,181	558,928	-	10,088,109	-
Governmental Activities Long-Term Liabilities	<u>\$10,427,464</u>	<u>\$ 1,283,638</u>	<u>\$ 746,784</u>	<u>\$10,964,318</u>	<u>\$ 219,052</u>
Business-Type Activities:					
Revenue Bonds:					
2014 Utility Revenue Refunding Bond	\$ 8,900,000	\$ -	\$ 65,000	\$ 8,835,000	\$ 65,000
2015 Utility Revenue Refunding Bond	9,245,000	-	720,000	8,525,000	735,000
2016 Utility Revenue Refunding Bond	7,710,000	-	285,000	7,425,000	285,000
2009 Denham Springs Sewer District No. 1 Project	500,000	-	500,000	-	-
2016 Sewer Revenue Refunding Bond	24,170,000	-	170,000	24,000,000	700,000
Adjust for Deferred Amount:					
For Issuance Premiums	952,741	-	54,936	897,805	55,973
For Issuance Discounts	(186)	-	(186)	-	-
Total Bond Payable	51,477,555	-	1,794,750	49,682,805	1,840,973
Compensated Absences	227,864	195,027	170,124	252,767	63,191
Net Pension Liability	1,866,703	19,092	-	1,885,795	-
Business-Type Activities Long-Term Liabilities	<u>\$53,572,122</u>	<u>\$ 214,119</u>	<u>\$ 1,964,874</u>	<u>\$51,821,367</u>	<u>\$1,904,164</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 \$23,950 of compensated absences for the internal service fund is included in the above amounts. Also, for the governmental activities compensated absences are generally liquidated by the General Fund and the Motor Pool Internal Service Fund.

See Note 11 for details on the Net Pension Liability.

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

**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, 2020:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2020</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
2011A Series	\$ <u>15,815,000</u>	\$ <u>-</u>	\$ <u>5,485,000</u>	\$ <u>10,330,000</u>	\$ <u>2,430,000</u>
Long-Term Liabilities	\$ <u>15,815,000</u>	\$ <u>-</u>	\$ <u>5,485,000</u>	\$ <u>10,330,000</u>	\$ <u>2,430,000</u>

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

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

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

On December 22, 2011, the District issued \$30,000,000 Series 2011A and issued \$16,200,000 Series 2011B Sales Tax Increment Refunding Bonds for the purpose of advance refunding the outstanding balance of the Series 2007 and 2008 bonds and to amend and restate the trust indenture including changes to the interest rate, letter of credit, and remarketing requirements. This advance refunding was undertaken to decrease total debt service payments over the next 25 years by \$6,346,526 and resulted in an economic gain of \$6,560,010. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$896,168, which was deferred and is being amortized over the life of the new bonds. The difference is reported in the accompanying financial statements as a deferred outflow of resources and is being charged to operations as a component of interest expense. At June 30, 2020, the unamortized balance is \$304,697.

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

In accordance with the initial Trust Indenture on the Series 2011A and Series 2011B Bonds, the District entered into the First Supplemental Trust Indenture dated November 1, 2016 for the purpose of extending the Initial Bank Rate on the outstanding bonds. The interest bank rate with respect to the Series 2011A Bonds was defined as 3.09% through December 31, 2016, and 2.88% effective January 1, 2017 through the Initial Bank Rate Period which is the period from November 30, 2016 until the earliest to occur of the conversion of the Series 2011A Bonds to a fixed rate or a weekly rate, or January 1, 2023. Also in accordance with the First Supplemental Trust Indenture after December 31, 2017, the District shall be required to redeem the Series 2011A bonds from excess revenues in the excess revenue account at least twice each calendar year. The interest bank rate with respect to the Series 2011B Bonds was not changed as a result of the First Supplemental Trust Indenture. The Series 2011B Bonds were redeemed in full as of April 30, 2017.

At June 30, 2020, long-term debt consists of the following Sales Tax Increment Revenue Bonds dated December 1, 2011 for the 2011A Series:

Series 2011A Sales Tax Increment Revenue Refunding Bonds with Interest Bank Rate of 2.88% through the Initial Bank Rate Period; Convertible to Fixed Rate or Weekly Rate on January 1, 2023 with Final Maturity January 1, 2037	\$ 10,330,000
---	---------------

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

Year Ending June 30,	2011 Series A		
	Principal	Interest	Total
2021	\$ 2,430,000	\$ 263,880	\$ 2,693,880
2022	975,000	220,500	1,195,500
2023	1,025,000	192,060	1,217,060
2024	1,075,000	162,180	1,237,180
2025	1,130,000	130,824	1,260,824
2026-2030	3,695,000	188,532	3,883,532
Total	\$10,330,000	\$ 1,157,976	\$11,487,976

Bond Reserve Fund covenant requires the maintenance of a separately identifiable account designated as the "Debt Service Reserve Fund" in which \$2,000,000 is to be maintained. At June 30, 2020, the District maintained a balance of \$2,082,529 which was \$82,529 more than the bond deposit requirements at year end. Bond covenants require that the monies in the Debt Service Reserve Fund be retained solely for the purpose of paying the principal of and interest on the Bonds payable as to which there would otherwise be default.

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

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, 2020:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2020</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Capital Leases	\$ 6,663	\$ -	\$ 4,219	\$ 2,444	\$ 1,381

Capital Lease Payable.

The Marshal entered into another capital lease agreement on January 31, 2017 for financing the purchase of a copier. The lease requires monthly payments of principal and interest of \$120 for sixty months with a final payment due March 1, 2022. At June 30, 2020, the book value (net of depreciation) of the copier was \$784.

The capital leases payable at June 30, 2020, 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, 2020</u>
Capital lease to finance the purchase of a copier	\$ 6,666	2.90%	03/01/22	\$ 2,444

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

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,381	\$ 53	\$ 1,434
2022	<u>1,063</u>	<u>15</u>	<u>1,078</u>
Total	\$ 2,444	\$ 68	\$ 2,512

**(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, 2020, customers' deposits amounted to \$1,236,809 and the balances of the certificate of deposit and the demand deposit account for Customers' Deposits amounted to \$1,250,308 and are included as Restricted Assets on the Statement of Net Position.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

**(11) Pension Plans -**

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

**General Information about the Pension Plans**

***Plan Descriptions:***

**Municipal Employees' Retirement System of Louisiana**

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

**Municipal Police Employees' Retirement System**

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

**Firefighters' Retirement System**

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

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

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

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

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

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

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

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

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

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

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

1. Age 67 with seven (7) or more years of creditable service.
2. Age 62 with ten (10) or more years of creditable service.
3. Age 55 with thirty (30) or more years of creditable service.
4. Any age with twenty five (25) years of creditable service, exclusive of military service and unused sick leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

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

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

### **2. Survivor Benefits**

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

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

### **3. DROP Benefits**

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

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

### **4. Disability Benefits**

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

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

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

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

### **6. Deferred Benefits**

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

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

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

#### Membership Prior to January 1, 2013

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

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

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

#### Membership Commencing January 1, 2013

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

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

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

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

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

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

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

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

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

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in MPERS is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty six months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into MPERS shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

of half of one percentage point below the percentage rate of return of MPERS's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the MPERS's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

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

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

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

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

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

Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3 1/3% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

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

1. At death, their beneficiary will receive a lump sum payment based on the present value of the employee's annuity account balance.
2. At death, their beneficiary will receive a life annuity equal to the employee's reduced retirement allowance.
3. At death, their beneficiary will receive a life annuity equal to 1/2 of the employee's reduced retirement allowance.
4. Any other benefit certified by the actuary and approved by the Board of Trustees that will be equivalent in value to the employee's retirement allowance limited to a spouse and/or minor children.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

5. The member can select a reduced option 2 benefit. However, if the beneficiary predeceases the retiree, the benefit will convert to the maximum. This option is limited to a spouse and/or minor children or handicapped children.
6. The member can select a reduced option 3 benefit. However, if the beneficiary predeceases the retiree, the benefit will convert to the maximum. This option is limited to a spouse and/or minor children.
7. The member can select to receive a guaranteed 2 1/2% COLA every year beginning when the member reaches age 55. In exchange for this COLA, the member takes an actuarially reduced benefit upon retirement.

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

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

1. If the employee is not eligible to retire and dies in the line of duty, their spouse will receive monthly, an annual benefit equal to 2/3 of the employee's average final compensation. If death is not in the line of duty, the spouse will receive monthly, an annual benefit equal to 3.0% of the member's average final compensation multiplied by his total years of service; however, the benefit shall not be less than 40.0%, or more than 60.0% of the employee's average final compensation.
2. Children of deceased employees will receive the greater of \$200 or 10.0% of the member's final average compensation per month until reaching the age of 18 or until the age of 22, if enrolled full time in an institution of higher education. The surviving totally physically handicapped or mentally retarded child of a deceased employee, regardless of age, shall receive the benefits as long as they are dependent on the surviving spouse.
3. If an employee, who is eligible to retire, dies before retiring, the designated beneficiary shall be paid under option 2, survivor benefit equal to member's benefit.

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

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

1. Any member totally disabled from injury received in the line of duty, shall be paid, on a monthly basis, an annual pension of 60.0% of the average final compensation being received at the time of the disability.
2. Any member of FRS who has become disabled or incapacitated because of continued illness or as a result of any injury received, even though not in the line of duty, and who has 5 years of creditable service, but is not eligible for retirement under the provisions of R. S. 11:2256 may apply for retirement under the provisions of R.S. 11:2258 and shall be retired on 75.0% of the retirement salary to which he would be entitled under R. S. 11:2256 if he were otherwise eligible there under or 25.0% of the member's average salary, whichever is greater.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

3. Any retired member or DROP plan participant who becomes disabled for any reason provided for by law shall be permitted to apply for conversion of a service retirement to a service connected disability retirement under R.S. 11:2258(B)(1)(e).
4. Should a member who is on disability retirement die and leave a surviving spouse, the surviving spouse shall receive a benefit of \$200 per month. When the member takes disability retirement, he may, in addition, take an actuarially reduced benefit in which case the member's surviving spouse shall receive 50% of the disability benefit being paid immediately prior to the death of the disabled retiree. If the surviving spouse remarries prior to age 55, such benefits shall cease; however, the benefits shall resume upon subsequent divorce or death of the new spouse, and the approval of the board of trustees.

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

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

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

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

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

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

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

#### **1. Retirement**

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The majority of LASERS rank and file members may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing five to ten years of creditable service depending on their plan. Additionally, members may

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service.

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

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

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

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

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

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

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

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

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

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

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

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

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

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

#### *Contributions:*

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

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2020, the employer contribution rate was 14% and the employee rate was 5% for Plan B. Contributions to MERS from the City were \$450,257 for the year ended June 30, 2020.

In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. The amount of non-employer contributions recognized as revenue in the government-wide governmental activities statement of activities was \$110,682 for the year ended June 30, 2020.

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

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2020, the employer contribution rate was 32.50% and the employee rate was 10% for hazardous duty members. The employer contribution rate was 32.50% and the employee rate was 8% for non-hazardous duty members. Contributions to MPERS from the City were \$519,163 for the year ended June 30, 2020.

MPERS also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. The amount of non-employer contributions recognized as revenue in the government-wide governmental activities statement of activities was \$110,180 for the year ended June 30, 2020.

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

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2020, the employer contribution rate was 27.75% and the employee rate was 10%. Contributions to FRS from the City were \$347,681 for the year ended June 30, 2020.

FRS also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. The amount of non-employer contributions recognized as revenue in the government-wide governmental activities statement of activities was \$143,124 for the year ended June 30, 2020.

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

Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature.

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

Employee and employer contributions are deducted from a member’s salary and remitted to LASERS by participating employers. The contribution rates in effect during the year ended June 30, 2020 for the plan were 11.5% for the employee and 42.4% for the employer.

The City’s contractually required composite contribution rate for the year ended June 30, 2020 was 42.4% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Agency were \$10,939 for the year ended June 30, 2020.

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

At June 30, 2020, the City reported a liability of \$11,973,904 for its proportionate share of the net pension liability of MERS, MPERS, FRS, and LASERS combined. For all plans, the net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City’s proportion at June 30, 2019 and change in proportion measured as of June 30, 2018 is as follows:

<u>Plan</u>	<u>Proportion at June 30, 2019</u>	<u>Change in Proportion</u>
MERS	4.19798%	(0.07314%)
MPERS	0.53519%	(0.02162%)
FRS	0.53389%	0.01587%
LASERS	0.00135%	(0.00006%)

For the year ended June 30, 2020, the City recognized pension expense as follows:

<u>Plan</u>	<u>Pension Expense</u>
MERS	\$ 632,202
MPERS	647,490
FRS	591,687
LASERS	9,504
	<u>\$ 1,880,883</u>

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF DENHAM SPRINGS**

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

JUNE 30, 2020

	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>LASERS</u>	<u>Total</u>
Deferred Outflows of Resources:					
Differences between expected and actual					
Experience	\$ -	\$ 10,198	\$ -	\$ 601	\$ 10,799
Changes in Assumptions	223,871	272,367	304,149	839	801,226
Net difference between projected and actual					
earnings on pension plan investments	386,800	315,771	224,820	3,373	930,764
Changes in proportion and differences between					
Employer contributions and proportionate					
share of contributions	79	119,776	123,062	20	242,937
Employer contributions subsequent to					
the measurement date	450,257	519,163	347,681	10,939	1,328,040
Total Deferred Outflows of Resources	<u>\$ 1,061,007</u>	<u>\$ 1,237,275</u>	<u>\$ 999,712</u>	<u>\$ 15,772</u>	<u>\$ 3,313,766</u>
Deferred Inflows of Resources:					
Differences between expected and actual					
Experience	\$ 162,888	\$ 149,532	\$ 241,159	\$ 203	\$ 553,782
Changes in Assumptions	-	-	243	-	243
Changes in proportion and differences between					
Employer contributions and proportionate					
share of contributions	114,125	283,089	390,875	3,269	791,358
Total Deferred Inflows of Resources	<u>\$ 277,013</u>	<u>\$ 432,621</u>	<u>\$ 632,277</u>	<u>\$ 3,472</u>	<u>\$ 1,345,383</u>

\$1,328,040 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>LASERS</u>	<u>Total</u>
2021	\$ 142,772	\$ 126,430	\$ 65,829	\$ 156	\$ 335,187
2022	105,853	4,478	(122,210)	(985)	(12,864)
2023	51,505	75,747	7,666	930	135,848
2024	33,607	78,836	43,570	1,260	157,273
2025	-	-	1,440	-	1,440
Thereafter	-	-	23,459	-	23,459
	<u>\$ 333,737</u>	<u>\$ 285,491</u>	<u>\$ 19,754</u>	<u>\$ 1,361</u>	<u>\$ 640,343</u>

***Actuarial Assumptions:***

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 for all plans are as follows:

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>LASERS</u>
Inflation	2.50%	2.50%	2.50%	2.50%
Investment rate of return	7.00%	7.125%	7.15%	7.60%
Salary increases	Vary from 7.4% in first 4 years of service to 4.9% after 4	Vary from 9.75% in first 2 years of service to 4.25% after 23 years	Vary from 14.75% in first 2 years of service to 4.5% after 25	2.8% to 5.3%

For MERS, the annuitant and beneficiary mortality rates were based on the PubG-2010(B) Healthy Retiree Table (set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales), the PubG-2010(B) Employee Table (set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales), and the PubNS-2010(B) Disabled Retiree Table (set equal to 120% for males and females with the full generational MP2018 scale).

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

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

For LASERS, mortality rates were based on RP-2014 Healthy Mortality Table with mortality improvement projected using the MP-2018 Mortality Improvement Scale for non-disabled members; and RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement was selected for disabled members.

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

For MERS, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. Best estimates of arithmetic real rates of return for each major asset class included in the MERS's target asset allocation as of June 30, 2019 are summarized in the following table :

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	50%	2.15%
Public Fixed Income	35%	1.51%
Alternative	15%	0.64%
Total	<u>100%</u>	<u>4.30%</u>
Inflation		2.70%
Expected Arithmetic Nominal Return		7.00%

For MPERS, the forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rates of return is 7.89% for the year ended June 30, 2019. Best estimates of arithmetic real rates of return for each major asset class included in the MPERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	48.50%	3.28%
Fixed Income	33.50%	0.80%
Alternative	18%	1.06%
Other	0%	0.00%
Total	<u>100%</u>	<u>5.14%</u>
Inflation		2.75%
Expected Arithmetic Nominal Return		<u>7.89%</u>

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

For FRS, the forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rates of return is 7.94% for the year ended June 30, 2019. Best estimates of arithmetic real rates of return for each major asset class included in the FRS's target asset allocation as of June 30, 2019 are summarized in the following table :

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed Income	31%	2.17%
Equity:		
U.S. Equity	21.50%	5.98%
Non-U.S. Equity	17.50%	7.52%
Global Equity	10%	6.59%
Alternative:		
Real Estate	6%	4.14%
Private Equity	4%	10.52%
Multi-Asset Strategies:		
Global Tactical Asset Allocation	5%	4.37%
Risk Parity	5%	4.67%
Total	<u>100%</u>	

For LASERS the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the following table:

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Portfolio Real Rate of Return</u>
Cash	0%	0.24%
Domestic Equity	23%	4.83%
International Equity	32%	5.83%
Domestic Fixed Income	6%	2.79%
International Fixed Income	10%	4.49%
Alternative Investments	22%	8.32%
Risk Parity	7%	5.06%
Total	<u>100%</u>	6.09%

***Discount Rate***

For MERS, the discount rate used to measure the total pension liability was 7.00% which was a decrease of .275% from the prior measurement date of June 30, 2018. For MPERS, the discount rate used to measure the total pension liability was 7.125% which was a decrease of .075% from the prior measurement date of June 30, 2018. For FRS, the discount rate used to measure the total pension liability was 7.15% which was a decrease of .15% from the prior measurement date of June 30, 2018. The discount rate used to measure the total pension liability was 7.60% for LASERS which was a decrease of .05% from the prior measurement date of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers and non-employer contributing entities will be made at actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using the current discount rate, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate as of June 30, 2019 for MERS, MPERS, FRS, and LASERS:

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

<b>MERS:</b>	Changes in Discount Rate		
	Plan B:		
	1% Decrease	Current Discount Rate	1% Increase
	<u>6.000%</u>	<u>7.000%</u>	<u>8.000%</u>
Net pension liability (asset)	\$ 4,894,426	\$ 3,672,448	\$ 2,638,982

<b>MPERS:</b>	Changes in Discount Rate		
	Current Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
	<u>6.125%</u>	<u>7.125%</u>	<u>8.125%</u>
Net pension liability (asset)	\$ 6,772,118	\$ 4,860,385	\$ 3,256,633

<b>FRS:</b>	Changes in Discount Rate		
	Current Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
	<u>6.15%</u>	<u>7.15%</u>	<u>8.15%</u>
Net pension liability (asset)	\$ 4,841,174	\$ 3,343,196	\$ 2,085,907

<b>LASERS:</b>	Changes in Discount Rate		
	Current Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
	<u>6.60%</u>	<u>7.60%</u>	<u>8.60%</u>
Net pension liability (asset)	\$ 123,536	\$ 97,875	\$ 76,207

***Pension Plans Fiduciary Net Position***

MERS issued a stand-alone audit report on its financial statements for the year ended June 30, 2019. Access to the audit report can be found on the System's website: [www.mersla.com](http://www.mersla.com) or on the Office of Louisiana Legislative Auditor's official website: [www.la.state.la.us](http://www.la.state.la.us).

MEPRS issued a stand-alone audit report on its financial statements for the year ended June 30, 2019. Access to the audit report can be found on the System's website: [www.lampers.org](http://www.lampers.org) or on the Office of Louisiana Legislative Auditor's official website: [www.la.state.la.us](http://www.la.state.la.us).

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

FRS issued a stand-alone audit report on its financial statements for the year ended June 30, 2019. Access to the audit report can be found on the System's website: [www.lafirefightersret.com](http://www.lafirefightersret.com) or on the Office of Louisiana Legislative Auditor's official website: [www.lla.state.la.us](http://www.lla.state.la.us).

Detailed information about LASERS' pension plan's fiduciary net position is available in the separately issued LASERS 2019 Comprehensive Annual Financial Report at [www.lasersonline.org](http://www.lasersonline.org) or on the Office of Louisiana Legislative Auditor's official website: [www.lla.state.la.us](http://www.lla.state.la.us).

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

At June 30, 2020 included in liabilities are payables to the pension plans as follows: MERS \$46,265, MPERS \$50,788, FRS \$33,549, and LASERS \$1,159. These payables are normal legally required contributions to the pension plans.

#### **Component Units -**

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

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

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

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

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

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

The judge of the City Court of Denham Springs – Ward Two is a member of the Louisiana State Employees' Retirement System (LASERS). See pages 93 to 95 for plan description and benefits provided by LASERS.

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

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

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

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

#### **1. Retirement**

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

For employees hired prior to January 1, 2007:

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

For employees hired after January 1, 2007:

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

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

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

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

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

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

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

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

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

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

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

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date,

if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

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

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

According to state statute, contributions for all employers are actuarially determined each year. The required contribution rate for the period July 1, 2019 to December 31, 2019 was 7.5% and was 7.5% for the period January 1, 2020 to June 30, 2020. Employees were required to contribute 3% of their annual salary for both periods. Contributions to PERS from the Court were \$17,008 for the year ended June 30, 2020.

According to state statute, PERS also receives  $\frac{1}{4}$  of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. PERS also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. For the Court, the amount of non-employer contributions recognized as revenue in the government-wide governmental activities statement of activities was \$2,824 for the year ended June 30, 2020. For the Marshal, the amount of non-employer contributions recognized in the government-wide governmental activities statement of activities was \$2,771 for the year ended June 30, 2020.

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

Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to LASERS by participating employers. The City Court's contractually required composite contribution rate for the year ended June 30, 2020 was 42.4% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contributions to the pension plan from the Court were \$30,698 for the year ended June 30, 2020.

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

At June 30, 2020, the Court reported a net pension asset of \$14,650 for its proportionate share of PERS and a net pension liability of \$276,793 for its proportionate share of LASERS. At June 30, 2020, the Marshal reported a net pension asset of \$14,376 for its proportionate share of the net pension liability of PERS. For PERS, the net pension liability was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For LASERS, the net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Court and the Marshal's proportion of

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

the net pension liability was based on a projection of the Court and the Marshal's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2019, the Court's proportion was .202493% for PERS which was an increase of .009112% from its proportion measured as of December 31, 2018. At June 30, 2019, the Court's proportion was .0038200% for LASERS which was a decrease of .00010% from its proportion measured as of June 30, 2018. At December 31, 2019, the Marshal's proportion was .198713% for PERS which was a decrease of .02662% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the Court recognized pension benefit of \$5,851 for PERS and pension expense of \$11,731 for LASERS. For the year ended June 30, 2020, the Marshal recognized pension expense of \$4,528 for PERS.

At June 30, 2020, the Court and the Marshal reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City Court of Denham Springs - Ward Two			Marshal City Court of Denham Springs - Ward Two
	PERS	LASERS	Total	PERS
Deferred Outflows of Resources:				
Differences between expected and actual Experience	\$ 480	\$ 1,701	\$ 2,181	\$ 425
Changes in Assumptions	8,643	2,373	11,016	8,481
Net difference between projected and actual earnings on pension plan investments	-	9,569	9,569	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	480	-	480	552
Employer contributions subsequent to the measurement date	8,495	30,698	39,193	5,852
Total Deferred Outflows of Resources	<u>\$ 18,098</u>	<u>\$ 44,341</u>	<u>\$ 62,439</u>	<u>\$ 15,310</u>

(CONTINUED)

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

	City Court of Denham Springs - Ward Two			Marshal City Court of Denham Springs - Ward Two
	PERS	LASERS	Total	PERS
Deferred Inflows of Resources:				
Differences between expected and actual Experience	\$ 6,248	\$ 576	\$ 6,824	\$ 6,131
Net difference between projected and actual earnings on pension plan investments	30,590	-	30,590	30,019
Changes in proportion and differences between Employer contributions and proportionate share of contributions	671	-	671	1,638
Total Deferred Inflows of Resources	<u>\$ 37,509</u>	<u>\$ 576</u>	<u>\$ 38,085</u>	<u>\$ 37,788</u>

\$39,193 and \$5,852 reported as deferred outflows of resources related to pensions resulting from the Court and the Marshal's, respectively, contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	City Court of Denham Springs - Ward Two			Marshal City Court of Denham Springs - Ward Two
	PERS	LASERS	Total	PERS
2021	\$ (11,466)	\$ 6,847	\$ (4,619)	\$ (8,245)
2022	1,151	2,633	3,784	(8,470)
2023	(17,591)	3,587	(14,004)	2,076
2024	-	-	-	(13,691)
	<u>\$ (27,906)</u>	<u>\$ 13,067</u>	<u>\$ (14,839)</u>	<u>\$ (28,330)</u>

**Actuarial Assumptions:**

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2019 for PERS and as of June 30, 2019 for LASERS are as follows:

	PERS	LASERS
Inflation	1.85%	2.50%
Investment rate of return	6.50% (net of investment expense)	7.60%
Salary increases	5.25% (1.85% Inflation, 3.40% Merit)	2.8% to 5.3%

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

For PERS, mortality rates were based Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.

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

For PERS, the long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.18% for the year ended December 31, 2019. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Portfolio Real Rate of Return</u>
Fixed Income	35%	1.05%
Equity	52%	3.41%
Alternative	11%	0.61%
Real Assets	2%	0.11%
Total	<u>100%</u>	<u>5.18%</u>
Inflation		<u>2.00%</u>
Expected Arithmetic Nominal Return		<u><u>7.18%</u></u>

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

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	0%	0.24%
Domestic Equity	23%	4.83%
International equity	32%	5.83%
Domestic Fixed Income	6%	2.79%
International Fixed Income	10%	4.49%
Alternative Investments	22%	8.32%
Risk Parity	7%	5.06%
Total	<u>100%</u>	6.09%

***Discount Rate***

For PERS, the discount rate used to measure the total pension liability was 6.50% which was the same as the prior measurement date of December 31, 2018. For LASERS, the discount rate used to measure the total pension liability was 7.60% which was a decrease of .05% from the prior measurement date of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers and non-employer contributing entities will be made at actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Court and the Marshal's proportionate share of the net pension liability calculated using the current discount rate, as well as what the Court and Marshal's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate as of December 31, 2019 for PERS and as of June 30, 2019 for LASERS:

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

City Court of Denham Springs – Ward Two

<b>PERS:</b>	Changes in Discount Rate		
	Plan B:		
	Current Discount		
	1% Decrease 5.50%	Rate 6.50%	1% Increase 7.50%
Net pension liability (asset)	\$ 78,698	\$ (14,650)	\$ (92,671)

<b>LASERS:</b>	Changes in Discount Rate		
	Current Discount		
	1% Decrease 6.60%	Rate 7.60%	1% Increase 8.60%
Net pension liability (asset)	\$ 349,575	\$ 276,793	\$ 215,648

Marshal of City Court of Denham Springs – Ward Two

<b>PERS:</b>	Changes in Discount Rate		
	Plan B:		
	Current Discount		
	1% Decrease 5.50%	Rate 6.50%	1% Increase 7.50%
Net pension liability (asset)	\$ 77,229	\$ 14,376	\$ (90,941)

***Pension Plans Fiduciary Net Position***

PERS issued a stand-alone audit report on its financial statements for the year ended December 31, 2018. Access to the audit report can be found on the System’s [website: www.persla.org](http://www.persla.org) or on the Office of Louisiana Legislative Auditor’s official website: [www.la.state.la.us](http://www.la.state.la.us).

Detailed information about LASERS’ pension plan’s fiduciary net position is available in the separately issued LASERS 2019 Comprehensive Annual Financial Report at [www.lasersonline.org](http://www.lasersonline.org) or on the Office of Louisiana Legislative Auditor’s official website: [www.la.state.la.us](http://www.la.state.la.us).

**Payables to the Pension Plans**

For the City Court of Denham Springs - Ward Two, included in liabilities at June 30, 2020 is a payable in the amount of \$4,475 to PERS and \$2,851 LASERS. These payables are normal legally required contributions to the pension plan.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

For the Marshal of City Court for Denham Springs – Ward Two, there is no payable to PERS at June 30, 2020.

**(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, 2020.

At June 30, 2020, assets totaling \$1,184,490 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, 2020, amounted to \$37,858.

**(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, 2020, the State paid supplemental salaries to the City's fire and law enforcement employees in the amount of \$308,832.

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

**(15) Risk Management -**

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

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

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

The following list includes the compensation paid to the Mayor and Council Members for the year ended June 30, 2020. The current terms of the Mayor and Council Members expire on December 31, 2022.

H. Gerard Landry, Mayor 209 N. College Street East Denham Springs, Louisiana 70726 Telephone: 665-8121 - Term Began: January 1, 2019	\$ 82,750
Lori Lamm-Williams, Council Member 1565 River Run Drive Denham Springs, Louisiana 70726 Telephone: 445-0273 - Term Began: January 1, 2019	\$ 12,000
Jeffery Wesley, Council Member 340 Pine Street Denham Springs, Louisiana 70726 Telephone: 921-4306 - Term Began: January 1, 2019	\$ 12,000
Robert Poole, Council Member 1403 Weeping Willow Drive Denham Springs, Louisiana 70726 Telephone: 939-3526 - Term Began: January 1, 2019	\$ 12,000
Laura Schmitt Smith, Council Member 448 Centerville Street, NE Hatchell Lane Denham Springs, Louisiana 70726 Telephone: 445-1469 – Term Began: January 1, 2019	\$ 12,000
Amber Dugas, Council Member 210 Carroll Street Denham Springs, Louisiana 70726 Telephone: 933-5762 – Term Began: January 1, 2019	\$ 12,000

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

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

In accordance with Louisiana Revised Statute 24:513A, the following is a Schedule of Compensation and Benefits received by H. Gerard Landry, Mayor, the acting agency head for the year ended June 30, 2020:

<u>Purpose</u>	<u>H. Gerard Landry</u>
Salary	\$ 82,750
Benefits-insurance	234
Benefits-retirement	11,585
Vehicle provided by government	750
	<u>\$ 95,319</u>

**(18) Schedule of Business-Type Activities Net Income (Loss) from Operations by Department for the Fiscal Year Ended June 30, 2020 -**

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Utility Enterprise Fund</u>	<u>Denham Springs Sewer District Number 1</u>
<b>Operating Revenues:</b>						
Charges for Services	\$ 3,625,853	\$ 3,319,211	\$ 2,281,656	\$ 757,930	\$ 9,984,650	\$ 1,184,031
Delinquent Charges	46,825	42,864	29,465	9,788	128,942	-
Miscellaneous	-	65,599	70	-	65,669	-
Total Operating Revenues	<u>3,672,678</u>	<u>3,427,674</u>	<u>2,311,191</u>	<u>767,718</u>	<u>10,179,261</u>	<u>1,184,031</u>
<b>Operating Expenses:</b>						
Direct	2,115,193	1,367,732	2,046,154	743,529	6,272,608	992,901
General and Administrative	<u>609,018</u>	<u>617,378</u>	<u>785,366</u>	<u>96,961</u>	<u>2,108,723</u>	<u>160,252</u>
Total Operating Expenses	<u>2,724,211</u>	<u>1,985,110</u>	<u>2,831,520</u>	<u>840,490</u>	<u>8,381,331</u>	<u>1,153,153</u>
Operating Income (Loss) by Department	948,467	1,442,564	(520,329)	(72,772)	1,797,930	30,878
Nonoperating Revenues	64,022	88,371	283,820	-	436,213	4,555
Nonoperating Expenses	-	(245,792)	(717,280)	-	(963,072)	(805,657)
Capital Contributions	47,171	545,056	273,620	-	<u>865,847</u>	<u>503,174</u>
Change in Net Position					<u>2,136,918</u>	<u>(267,050)</u>
Business-Type Activities						
Departmental Net Income (Loss)	<u>\$ 1,059,660</u>	<u>\$ 1,830,199</u>	<u>\$ (680,169)</u>	<u>\$ (72,772)</u>		
Change in Net Position						
Business-Type Activities					<u>\$ 2,136,918</u>	<u>\$ (267,050)</u>

**CITY OF DENHAM SPRINGS**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

**(19) Schedule of Business-Type Activities Operating Expenses by Department  
for the Fiscal Year Ended June 30, 2020 -**

	Gas Department	Water Department	Sewer Department	Sanitation Department	Total Utility Enterprise Fund	Denham Springs Sewer District Number 1
<b>Direct Expenses:</b>						
Natural Gas Purchases	\$ 754,368	\$ -	\$ -	\$ -	\$ 754,368	\$ -
Direct Labor	660,973	434,694	560,297	-	1,655,964	-
Chlorinator Expense	-	34,175	-	-	34,175	-
Depreciation	145,558	445,175	1,048,948	1,934	1,641,615	474,745
Utilities	6,364	111,100	278,160	-	395,624	133,400
Equipment Expenses	60,911	32,006	57,397	-	150,314	16
Equipment Rental	5,553	21,188	5,603	-	32,344	104
Lab Fees	-	-	39,279	-	39,279	16,112
Maintenance	351,508	143,124	272,522	-	767,154	146,465
Meter Reading	110,485	135,037	-	-	245,522	-
Meter Repairs	3,691	-	-	-	3,691	-
Overhead Allocation	-	-	(222,059)	-	(222,059)	222,059
Small Tools and Supplies	15,782	11,233	6,007	-	33,022	-
Subcontract Disposal Service	-	-	-	741,595	741,595	-
	<u>2,115,193</u>	<u>1,367,732</u>	<u>2,046,154</u>	<u>743,529</u>	<u>6,272,608</u>	<u>992,901</u>
<b>General and Administrative Expenses:</b>						
Office Salaries	103,217	142,820	84,806	56,178	387,021	39,638
Payroll Taxes, Retirement and Group Insurance	299,446	257,250	277,605	21,948	856,249	15,486
Utilities	10,289	246	-	-	10,535	-
Flood Expenses	-	49,253	110,184	-	159,437	-
Maintenance and Repairs	2,472	-	980	-	3,452	-
Insurance	59,516	62,232	84,317	7,328	213,393	9,773
Miscellaneous	61,465	27,434	167,113	3,554	259,566	70,101
Office Expense	24,492	22,998	19,424	585	67,499	706
Professional Fees	23,902	36,125	20,010	6,951	86,988	24,254
Telephone	24,219	19,020	20,927	417	64,583	294
	<u>609,018</u>	<u>617,378</u>	<u>785,366</u>	<u>96,961</u>	<u>2,108,723</u>	<u>160,252</u>
<b>Total Operating Expenses</b>	<u><u>\$ 2,724,211</u></u>	<u><u>\$ 1,985,110</u></u>	<u><u>\$ 2,831,520</u></u>	<u><u>\$ 840,490</u></u>	<u><u>\$ 8,381,331</u></u>	<u><u>\$ 1,153,153</u></u>

**CITY OF DENHAM SPRINGS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2020

**(20) Schedule of Business-Type Activities Operating Expenses by  
Function for the Fiscal Year Ended June 30, 2020 -**

	Total Utility Enterprise Fund	Denham Springs Sewer District Number 1
<b>Personal Services and Benefits:</b>		
Direct Labor	\$ 1,655,964	\$ -
Office Salaries	387,021	39,638
Payroll Taxes, Retirement and Group Insurance	856,249	15,486
	2,899,234	55,124
<b>Contractual Services:</b>		
Chlorinator Expense	34,175	-
Equipment Rental	32,344	104
Lab Fees	39,279	16,112
Meter Reading	245,522	-
Subcontract Disposal Service	741,595	-
Professional Fees	86,988	24,254
	1,179,903	40,470
<b>Cost of Materials:</b>		
Natural Gas Purchases	754,368	-
<b>Utilities:</b>		
Utilities (Direct)	395,624	133,400
Utilities (General)	10,535	-
Telephone	64,583	294
	470,742	133,694
<b>Repair and Maintenance:</b>		
Equipment Expenses	150,314	16
Flood Expenses	159,437	-
Maintenance	767,154	146,465
Meter Repairs	3,691	-
Maintenance and Repairs	3,452	-
	1,084,048	146,481
<b>Supplies:</b>		
Small Tools and Supplies	33,022	-
Office Expense	67,499	706
Miscellaneous	259,566	70,101
	360,087	70,807
<b>Insurance</b>	213,393	9,773
<b>Depreciation</b>	1,641,615	474,745
<b>Overhead Allocation</b>	(222,059)	222,059
Total Operating Expenses	\$ 8,381,331	\$ 1,153,153

**CITY OF DENHAM SPRINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

**(21) Cooperative Endeavor Agreement -**

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

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

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

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

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

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

For the year ended June 30, 2020, the City abated sales taxes totaling \$1,328,855 under this cooperative endeavor agreement.

**(22) Contingency - COVID 19 -**

The COVID-19 outbreak in the United States and throughout the world has caused business disruption through mandated and voluntary closings of schools and businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration and its impacts on the City's citizens, employees and vendors. Therefore, the extent to which COVID-19 may impact the City's financial condition or results of operations cannot be reasonably estimated at this time.

**(23) Subsequent Event -**

The City approved the lowest contractor bid for the Denham Springs Water Well Rehabilitation in the amount of \$1,213,330 at the City Council meeting on July 27, 2020.

Management has evaluated subsequent events through December 28, 2020, the date which the financial statements were available to be issued.



REQUIRED SUPPLEMENTARY INFORMATION

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF DENHAM SPRINGS**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY BY PLAN**  
**FOR THE YEAR ENDED JUNE 30, 2020\***

Fiscal Year	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<b><u>Primary Government</u></b>					
<b><u>Municipal Employees' Retirement System of Louisiana:</u></b>					
2015	5.06169%	\$ 2,376,447	\$ 3,557,043	66.81%	76.94%
2016	5.24720%	3,566,246	3,640,848	97.95%	68.71%
2017	4.76559%	3,950,241	3,504,307	112.73%	63.34%
2018	4.34626%	3,760,529	3,226,030	116.57%	62.49%
2019	4.27112%	3,612,648	3,165,219	114.14%	65.60%
2020	4.19798%	3,672,448	3,209,205	114.43%	66.14%
<b><u>Municipal Police Employees' Retirement System:</u></b>					
2015	0.60299%	\$ 3,772,330	\$ 1,735,777	217.33%	75.10%
2016	0.63557%	4,979,059	1,698,319	293.18%	70.73%
2017	0.60684%	5,687,838	1,696,936	335.18%	66.04%
2018	0.52585%	4,590,865	1,565,808	293.19%	70.08%
2019	0.55681%	4,707,297	1,643,294	286.45%	71.89%
2020	0.53519%	4,860,385	1,671,338	290.81%	71.01%
<b><u>Firefighters' Retirement System:</u></b>					
2015	0.67926%	\$ 3,022,630	\$ 1,319,503	229.07%	76.02%
2016	0.63720%	3,439,056	1,354,171	253.96%	72.45%
2017	0.57365%	3,752,164	1,293,446	290.09%	68.16%
2018	0.54858%	3,144,395	1,280,871	245.49%	73.55%
2019	0.51802%	2,979,713	1,233,341	241.60%	74.76%
2020	0.53389%	3,343,196	1,290,354	259.09%	73.96%
<b><u>Louisiana State Employees' Retirement System:</u></b>					
2015	0.00143%	\$ 89,667	\$ 25,800	347.55%	65.02%
2016	0.00139%	94,692	25,800	367.02%	62.66%
2017	0.00146%	114,400	25,800	443.41%	57.73%
2018	0.00146%	103,039	25,800	399.38%	62.50%
2019	0.00141%	96,226	25,800	372.97%	71.02%
2020	0.00135%	97,875	25,800	379.36%	62.90%

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

(CONTINUED)

**CITY OF DENHAM SPRINGS**

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

FOR THE YEAR ENDED JUNE 30, 2020\*

<u>Fiscal Year</u>	<u>Employer's Proportion of the Net Pension (Asset) Liability</u>	<u>Employer's Proportionate Share of the Net Pension (Asset) Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
<b><u>Component Units</u></b>					
<b><u>City Court of Denham Springs - Ward Two</u></b>					
<b><u>Parochial Employees' Retirement System of Louisiana:</u></b>					
2015	0.29291%	\$ 813	\$ 246,552	0.33%	99.89%
2016	0.29465%	52,461	283,195	18.52%	93.48%
2017	0.29392%	38,182	292,795	13.04%	95.50%
2018	0.27963%	(35,183)	195,825	(17.97%)	101.97%
2019	0.19338%	52,245	176,875	29.54%	91.93%
2020	0.20249%	(14,650)	224,997	-6.51%	102.04%
<b><u>Louisiana State Employees' Retirement System:</u></b>					
2015	0.00352%	\$ 219,914	\$ 63,270	347.58%	65.02%
2016	0.00348%	236,827	64,800	365.47%	62.66%
2017	0.00376%	295,256	66,600	443.33%	57.73%
2018	0.00382%	268,883	68,000	395.42%	62.54%
2019	0.00381%	259,839	69,600	373.33%	64.30%
2020	0.00382%	276,793	70,008	395.37%	62.90%
<b><u>Marshal of City Court of Denham Springs - Ward Two</u></b>					
<b><u>Parochial Employees' Retirement System of Louisiana:</u></b>					
2015	0.30483%	\$ 847	\$ 282,454	0.30%	99.89%
2016	0.22881%	40,739	272,908	14.93%	93.48%
2017	0.18856%	24,469	155,960	15.69%	95.50%
2018	0.14494%	(18,036)	146,976	(12.27%)	101.97%
2019	0.22533%	60,877	235,737	25.82%	91.93%
2020	0.19871%	(14,376)	220,780	-6.51%	102.04%

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

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

See independent auditor's report.

**CITY OF DENHAM SPRINGS**  
**SCHEDULE OF CONTRIBUTIONS BY PLAN**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Fiscal Year	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
<b><u>Primary Government</u></b>					
<b><u>Municipal Employees' Retirement System of Louisiana:</u></b>					
2015	\$ 345,881	\$ 345,881	\$ -	\$ 3,640,848	9.50%
2016	332,625	332,625	-	3,501,307	9.50%
2017	354,864	354,864	-	3,226,030	11.00%
2018	419,393	419,393	-	3,165,219	13.25%
2019	449,289	449,289	-	3,209,205	14.00%
2020	450,257	450,257	-	3,216,120	14.00%
<b><u>Municipal Police Employees' Retirement System:</u></b>					
2015	\$ 535,536	\$ 535,536	\$ -	\$ 1,698,319	31.53%
2016	501,470	501,470	-	1,696,936	29.55%
2017	498,418	498,418	-	1,565,808	31.83%
2018	505,310	505,310	-	1,643,294	30.75%
2019	539,004	539,004	-	1,671,338	32.25%
2020	519,163	519,163	-	1,594,737	32.55%
<b><u>Firefighters' Retirement System:</u></b>					
2015	\$ 396,096	\$ 396,096	\$ -	\$ 1,354,171	29.25%
2016	352,464	352,464	-	1,293,446	27.25%
2017	323,419	323,419	-	1,280,871	25.25%
2018	326,833	326,833	-	1,233,341	26.50%
2019	341,944	341,944	-	1,290,354	26.50%
2020	347,681	347,681	-	1,252,903	27.75%
<b><u>Louisiana State Employees' Retirement System:</u></b>					
2015	\$ 10,707	\$ 10,707	\$ -	\$ 25,800	41.50%
2016	9,830	9,830	-	25,800	38.10%
2017	9,804	9,804	-	25,800	38.00%
2018	10,346	10,346	-	25,800	40.10%
2019	10,346	10,346	-	25,800	40.10%
2020	10,939	10,939	-	25,800	42.40%

(CONTINUED)

**CITY OF DENHAM SPRINGS**  
**SCHEDULE OF CONTRIBUTIONS BY PLAN**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Fiscal Year	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
<b><u>Component Units</u></b>					
<b><u>City Court of Denham Springs - Ward Two</u></b>					
<b><u>Parochial Employees' Retirement System of Louisiana:</u></b>					
2015	\$ 24,215	\$ 24,215	\$ -	\$ 261,446	9.26%
2016	25,258	25,258	-	297,295	8.50%
2017	20,871	20,871	-	260,877	8.00%
2018	14,676	14,676	-	188,654	7.79%
2019	16,725	16,725	-	223,000	7.50%
2020	17,008	17,008	-	226,773	7.50%
<b><u>Louisiana State Employees' Retirement System:</u></b>					
2015	\$ 26,892	\$ 26,892	\$ -	\$ 64,800	41.50%
2016	25,375	25,375	-	66,600	38.10%
2017	25,840	25,840	-	68,000	38.00%
2018	27,909	27,909	-	69,600	40.10%
2019	28,035	28,035	-	70,008	40.10%
2020	30,698	30,698	-	72,400	42.40%
<b><u>Marshal of City Court of Denham Springs - Ward Two</u></b>					
<b><u>Parochial Employees' Retirement System of Louisiana:</u></b>					
2015	\$ 25,244	\$ 25,244	\$ -	\$ 272,908	9.25%
2016	16,695	16,695	-	185,800	9.00%
2017	12,557	12,557	-	156,960	8.01%
2018	14,869	14,869	-	192,836	7.71%
2019	17,502	17,502	-	233,360	7.50%
2020	14,217	14,217	-	189,567	7.50%

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

See independent auditor's report.

**CITY OF DENHAM SPRINGS**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2020

**Primary Government**

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

*Changes in Actuarial Assumptions*

There were no changes of benefit assumptions for the year ended June 30, 2016, 2017, 2018, and 2019.

Other changes are as follows:

Valuation Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Discount Rate	7.000%	7.275%	7.40%	7.50%	7.50%	7.75%
Inflation Rate	2.500%	2.600%	2.775%	2.875%	2.875%	3.00%
Projected Salary Increase	Vary from 7.4% in first 4 years of service to 4.9% after 4 years	5.00% (including inflation and merit)	5.75% (including inflation and merit)			

**Municipal Police Employees' Retirement System:**

*Changes in Actuarial Assumptions*

There were no changes of benefit assumptions for the year ended June 30, 2016, 2017, 2018, and 2019.

Other changes are as follows:

Valuation Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Discount Rate	7.125%	7.20%	7.325%	7.50%	7.50%	7.50%
Inflation Rate	2.50%	2.60%	2.70%	2.875%	2.875%	3.00%
Projected Salary Increase	Vary from 9.75% in first 2 years of service to 4.25% after 23 years	Vary from 9.75% in first year of service to 4.25% after 23 years	Vary from 9.75% in first year of service to 4.25% after 23 years	Vary from 9.75% in first year of service to 4.25% after 23 years	Vary from 9.75% in first year of service to 4.25% after 23 years	Vary from 10% in first year of service to 4.4% after 30 years

See auditor's report.

**CITY OF DENHAM SPRINGS**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2019

**Firefighters' Retirement System:**

*Changes in Actuarial Assumptions*

There were no changes of benefit assumptions for the year ended June 30, 2016, 2017, 2018, and 2019.

Other changes are as follows:

Valuation Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Discount Rate	7.15%	7.30%	7.40%	7.50%	7.50%	7.50%
Inflation Rate	2.50%	2.70%	2.775%	2.875%	2.875%	3.00%
Projected Salary Increase	Vary from 14.75% in first 2 years of service to 4.5% after 25 years	Vary from 15% in first 2 years of service to 4.75% after 25 years	Vary from 15% in first 2 years of service to 4.75% after 25 years	Vary from 15% in first 2 years of service to 4.75% after 25 years	Vary from 15% in first 2 years of service to 4.75% after 25 years	Vary from 15% in first 2 years of service to 5.5% after 14 years

**Louisiana State Employees' Retirement System:**

*Changes of Benefit Terms* include:

- A 1.5% COLA, effective July 1, 2014, provided by Act 102 of the 2014 Louisiana Regular Legislative Session, and,
- Improved benefits for certain members employed by the Office of Adult Probation and Parole within the Department of Public Safety and Corrections as established by Act 852 of 2014 .
- There were no changes of benefit assumptions for the year ended June 30, 2016, 2017, 2018, and 2019.

*Changes in Actuarial Assumptions*

Valuation Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Discount Rate	7.60%	7.65%	7.70%	7.75%	7.75%	7.75%
Inflation Rate	2.50%	2.75%	2.75%	3.000%	3.000%	3.000%
Projected Salary Increase	2.8% to 5.3%	2.8% to 5.3%	2.8% to 5.3%	3% to 5.5%	3% to 5.5%	3% to 5.5%

See auditor's report.

**CITY OF DENHAM SPRINGS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2019

**Component Units**

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

*Changes in Actuarial Assumptions*

There were no changes of benefit assumptions for the year ended June 30, 2015, 2016, 2017, 2018, and 2019.

Other changes are as follows:

	December	December	December	December	December	December
Valuation Date	31, 2019	31, 2018	31, 2017	31, 2016	31, 2015	31, 2014
Discount Rate	6.50%	6.50%	6.75%	7.00%	7.00%	7.25%
Inflation Rate	1.85%	2.40%	2.50%	2.50%	2.50%	3.00%
Projected Salary Increase	5.25%	4.25%	5.25%	5.75%	5.25%	5.75%
	(1.85%	(2.40%	(2.50%	(3.00%	(2.50%	(3.00%
	Inflation,	Inflation,	Inflation,	Inflation,	Inflation,	Inflation,
	3.40%	1.85%	2.75%	2.75%	2.75%	2.75%
	Merit)	Merit)	Merit)	Merit)	Merit)	Merit)

See auditor's report.



NONMAJOR GOVERNMENTAL FUNDS

## **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, 2020, 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, 2020

	Capital Projects Fund	1994 Paving Certificates Debt Service Fund	Cemetery Care Permanent Fund	Witness Fee - Special Revenue Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 71,405	\$ 3,269	\$ 1,138,873	\$ 163,292	\$ 1,376,839
Due from Other Governments	2,773	-	-	-	2,773
Total Assets	<u>\$ 74,178</u>	<u>\$ 3,269</u>	<u>\$ 1,138,873</u>	<u>\$ 163,292</u>	<u>\$ 1,379,612</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts Payable	\$ 1,185	\$ -	\$ 1,625	\$ -	\$ 2,810
Total Liabilities	1,185	-	1,625	-	2,810
Fund Balances:					
Nonspendable:					
Permanent Fund Principal	-	-	1,137,248	-	1,137,248
Restricted For:					
Witness Fees	-	-	-	163,292	163,292
Other Purposes	-	3,269	-	-	3,269
Assigned To:					
Capital Projects	72,993	-	-	-	72,993
Total Fund Balances	<u>72,993</u>	<u>3,269</u>	<u>1,137,248</u>	<u>163,292</u>	<u>1,376,802</u>
Total Liabilities and Fund Balances	<u>\$ 74,178</u>	<u>\$ 3,269</u>	<u>\$ 1,138,873</u>	<u>\$ 163,292</u>	<u>\$ 1,379,612</u>

The accompanying notes are an integral part of this statement.

## CITY OF DENHAM SPRINGS

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

FOR THE YEAR ENDED JUNE 30, 2020

	Capital Projects Fund	1994 Paving Certificates Debt Service Fund	Cemetery Care Permanent Fund	Witness Fee - Special Revenue Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>					
Intergovernmental:					
Federal Grants	\$ 232	\$ -	\$ -	\$ -	\$ 232
Fees	-	-	-	10,319	10,319
Interest	-	-	2,708	198	2,906
Miscellaneous	-	-	79,670	-	79,670
Total Revenues	232	-	82,378	10,517	93,127
<b>Expenditures:</b>					
Current:					
General Government	-	-	4,798	11,083	15,881
Capital Outlay:					
Highways and Streets	79,651	-	-	-	79,651
Total Expenditures	79,651	-	4,798	11,083	95,532
Excess (Deficiency) of Revenues over (under) Expenditures	(79,419)	-	77,580	(566)	(2,405)
<b>Fund Balances at Beginning of Year</b>	152,412	3,269	1,059,668	163,858	1,379,207
<b>Fund Balances at End of Year</b>	\$ 72,993	\$ 3,269	\$ 1,137,248	\$ 163,292	\$ 1,376,802

The accompanying notes are an integral part of this statement.

**CITY OF DENHAM SPRINGS  
CAPITAL PROJECTS FUND**

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

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental:				
Federal Grants	\$ -	\$ -	\$ 232	\$ 232
Total Revenues	-	-	232	232
<b>Expenditures:</b>				
Construction Costs and Related Expenditures	220,520	84,985	79,651	5,334
Total Expenditures	220,520	84,985	79,651	5,334
Excess (Deficiency) of Revenues Over Expenditures	(220,520)	(84,985)	(79,419)	5,566
<b>Other Financing Sources:</b>				
Transfers In	-	84,985	-	(84,985)
Total Other Financing Sources	-	84,985	-	(84,985)
Net Change in Fund Balance	(220,520)	-	(79,419)	(79,419)
<b>Fund Balance at Beginning of Year</b>	152,412	152,412	152,412	-
<b>Fund Balance at End of Year</b>	<u>\$ (68,108)</u>	<u>\$ 152,412</u>	<u>\$ 72,993</u>	<u>\$ (79,419)</u>

The accompanying notes are an integral part of this statement.

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

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

FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Fees	\$ 13,000	\$ 9,314	\$ 10,319	\$ 1,005
Interest	200	200	198	(2)
Total Revenues	13,200	9,514	10,517	1,003
<b>Expenditures:</b>				
General Government	11,422	11,467	11,083	384
Total Expenditures	11,422	11,467	11,083	384
Net Change in Fund Balance	1,778	(1,953)	(566)	1,387
<b>Fund Balance at Beginning of Year</b>	163,858	163,858	163,858	-
<b>Fund Balance at End of Year</b>	<u>\$ 165,636</u>	<u>\$ 161,905</u>	<u>\$ 163,292</u>	<u>\$ 1,387</u>

The accompanying notes are an integral part of this statement.



CAPITAL ASSETS

## CITY OF DENHAM SPRINGS

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

JUNE 30, 2020

**Governmental Funds Capital Assets:**

Land and Right-of-Ways	\$ 1,781,721
Land Improvements	77,711
Buildings	4,599,258
Equipment	7,184,477
Infrastructure	7,259,714
Construction in Progress	1,316,798
	<hr/>
Total Capital Assets	<u>\$ 22,219,679</u>

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

General Fund Revenues	\$ 6,222,105
Federal Revenues and Federal Grants	2,913,009
Donated Infrastructure	649,138
Capital Improvement Funds:	
City's Share of Cost:	
General Fund	7,990,081
Federal Revenue Sharing	201,482
Federal Grants	2,007,849
State Grants	2,236,015
	<hr/>
Total Investment in Capital Assets	<u>\$ 22,219,679</u>

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

The accompanying notes are an integral part of this statement.

## CITY OF DENHAM SPRINGS

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

JUNE 30, 2020

Function and Activity:	Land and Right- of-Ways	Improvements Other Than Buildings	Buildings	Machinery and Equipment	Infrastructure	Total
<b>General Government:</b>						
General Government Buildings	\$ 882,700	\$ 13,950	\$ 897,066	\$ -	\$ -	\$ 1,793,716
Administration	593,355	-	-	329,345	-	922,700
Cemetery	2,000	11,002	10,313	-	-	23,315
Tax	-	-	-	9,243	-	9,243
Planning and Development	-	-	-	70,582	-	70,582
Public Service Workers	-	-	10,647	-	-	10,647
Total General Government	1,478,055	24,952	918,026	409,170	-	2,830,203
<b>Public Safety:</b>						
Animal Control	1,500	34,031	152,237	113,354	-	301,122
Fire	8,250	-	610,542	2,489,382	-	3,108,174
Police	201,482	8,953	1,475,445	2,111,874	-	3,797,754
Total Public Safety	211,232	42,984	2,238,224	4,714,610	-	7,207,050
<b>Highways and Streets:</b>						
Streets	2,748	-	122,027	2,056,459	6,715,378	8,896,612
<b>Health:</b>						
Council on Aging	-	-	370,890	-	-	370,890
<b>Culture and Recreation:</b>						
Tourism	-	-	950,091	684	168,253	1,119,028
Parks	89,686	9,775	-	3,554	376,083	479,098
Total Culture and Recreation	89,686	9,775	950,091	4,238	544,336	1,598,126
Total Governmental Funds Capital Assets Allocated to Functions	\$ 1,781,721	\$ 77,711	\$ 4,599,258	\$ 7,184,477	\$ 7,259,714	20,902,881
				Construction in Progress		1,316,798
						\$ 22,219,679

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

The accompanying notes are an integral part of this statement

## CITY OF DENHAM SPRINGS

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

FOR THE YEAR ENDED JUNE 30, 2020

Function and Activity:	Governmental	Transfers	Additions	Deductions	Governmental
	Funds Capital Assets 6/30/19				Funds Capital Assets 6/30/20
<b>General Government:</b>					
General Government Buildings	\$ 2,136,943	\$ -	\$ 916,198	\$ 1,259,425	\$ 1,793,716
Administration	892,181	(13,738)	44,257	-	922,700
Cemetery	36,510	(2,695)	-	10,500	23,315
Tax	8,417	-	826	-	9,243
Planning and Development	56,495	13,261	826	-	70,582
Public Service Workers	10,647	-	-	-	10,647
Total General Government	3,141,193	(3,172)	962,107	1,269,925	2,830,203
<b>Public Safety:</b>					
Animal Control	261,258	-	74,353	34,489	301,122
Fire	3,171,586	(2,200)	83,391	144,603	3,108,174
Police	3,907,867	-	117,182	227,295	3,797,754
Total Public Safety	7,340,711	(2,200)	274,926	406,387	7,207,050
<b>Highways and Streets:</b>					
Streets	8,432,346	5,372	616,918	158,024	8,896,612
<b>Health:</b>					
Council on Aging	370,890	-	-	-	370,890
<b>Culture and Recreation:</b>					
Tourism	1,119,028	-	-	-	1,119,028
Parks	479,098	-	-	-	479,098
Total Culture and Recreation	1,598,126	-	-	-	1,598,126
Construction in Progress	349,530	-	1,883,466	916,198	1,316,798
Total Governmental Funds Capital Assets	\$ 21,232,796	\$ -	\$ 3,737,417	\$ 2,750,534	\$ 22,219,679

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

The accompanying notes are an integral part of this statement.



SUPPLEMENTARY SCHEDULES

**SUPPLEMENTARY SCHEDULE**

## CITY OF DENHAM SPRINGS

SCHEDULE OF INSURANCE COVERAGE IN FORCE

JUNE 30, 2020

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
CNA Surety	Public Official Bonds		
	Mayor; Gerard Landry	\$ 50,000	1/01/21
	Council Members:		
	Amber Dugas	\$ 10,000	1/01/21
	Laura Schmitt-Smith	\$ 10,000	1/01/21
	Jeffrey Wesley	\$ 10,000	1/01/21
	Robert Poole	\$ 10,000	1/01/21
	Lori Lamm-Williams	\$ 10,000	1/01/21
	Public Employees Blanket Bond:		
	City Treasurer:		
Michelle Hood	\$ 50,000	12/11/20	
City Clerk:			
Joan LeBlanc	\$ 50,000	2/06/21	
Public Employees Bond	\$ 25,000	2/18/21	
Hanover Insurance Company	Property and Casualty Coverage -		
	90% Co-Insurance:		
	Steel Water Tank and Tower <u>110 Brignac Street</u>	\$ 326,453	7/01/20
	Council on Aging Buildings <u>949 Government Street</u>	\$ 1,056,541	7/01/20
	Police Station and Jail Facility Contents <u>447 Lamm Street</u>	\$ 1,796,753 \$ 183,281	7/01/20
	Sewer Building Contents <u>9300 Forest Delatte Road</u>	\$ 92,203 \$ 17,738	7/01/20
	Sewer Lab Building	\$ 10,400	
	Storage Building (for equipment) <u>9300 Forest Delatte Road</u>	\$ 20,800	7/01/20

(CONTINUED)

**CITY OF DENHAM SPRINGS**

SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2020

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
Hanover Insurance Company Company	Animal Control Building Contents <u>600-C Bowman St.</u>	\$ 74,654 \$ 2,365	7/01/20
	SADD Office Building <u>115 Hummell St.</u>	\$ 90,372	7/01/20
	Bronze Statue Contents <u>140 Centerville St.</u>	\$ 16,000	7/01/20
	Street Department <u>940 Government Street</u>	\$ 336,942	7/01/20
	Utility Warehouse Building Contents <u>112 Brignac Street</u>	\$ 177,676 \$ 36,657	7/01/20
	Motor Pool and Warehouse Building Contents <u>401 N. Railroad Ave.</u>	\$ 335,311 \$ 91,050	7/01/20
	Arts Council/Red Cross Building <u>133 Hummel St.</u>	\$ 202,451	7/01/20
	Steel Water Tank and Tower <u>27135 LA Hwy 16</u>	\$ 662,140	7/01/20
	Old City Hall Building Contents <u>115 Mattie St.</u>	\$ 859,869 \$ 23,649	7/01/20
	Steel Water Tank and Tower <u>23322 Springhill Drive</u>	\$2,508,748	7/01/20

(CONTINUED)

**CITY OF DENHAM SPRINGS**

SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2020

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
Liberty Mutual	Sewer Treatment Plant Scheduled Equipment Contractor Equipment <u>9300 Forest Delatte Road</u>	\$4,274,386 Actual Cash Value	7/01/20 7/01/20
Louisiana Workers' Compensation Corporation	Workmen's Compensation Statutory	\$ 500,000	7/01/20
AmGuard	General Liability Law Enforcement Professional Liability Public Officials and Employees Liability Errors and Omissions	\$1,000,000 \$1,000,000 \$1,000,000	7/01/20 7/01/20 7/01/20
	Business Auto Liability	\$ 500,000	7/01/20
	Vehicle Physical Damage - Except Fire	Actual Cash Value	7/01/20
VFIS, Inc.	Property and Casualty Coverage - Fire Station Building Contents <u>1100 Hatchell Lane</u> Fire Station/ Water Department Office Building Contents <u>27135 LA Hwy 16</u> Fire Station Building Contents Vehicle Liability & Physical Damage – Fire <u>930 Government Street</u>	\$ 240,365 \$ 133,120 \$ 837,959 \$ 138,320 \$ 457,912 \$ 135,200 \$1,000,000	7/01/20 7/01/20 7/01/20 7/01/20 7/01/20 7/01/20 7/01/20

(CONTINUED)

**CITY OF DENHAM SPRINGS**

SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2020

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
Hartford Ins.	Flood Insurance:		
	Youth Services Office Building	\$ 120,000	
	Contents	\$ 50,000	7/01/20
	<u>940 Government Street</u>		
	Municipal Building	\$ 25,000	
	Contents	\$ -0-	7/01/20
	<u>941 Government Street</u>		
	Council on Aging Building 1	\$ 500,000	
	Council on Aging Building 2	\$ 225,000	
	Contents	\$ -0-	7/01/20
	<u>949 Government Street</u>		
	Police Station and Jail Facility	\$ 500,000	
	Contents	\$ 300,000	7/01/20
	<u>447 Lamm Street</u>		
	Animal Control Center Building	\$ 19,400	7/01/20
	Contents	\$ 10,000	7/01/20
	<u>600-C Bowman Street</u>		
	Gas Department Building	\$ 500,000	
	Contents	\$ 100,000	7/01/20
	<u>401 E. Railroad Avenue</u>		
	Old City Hall Building	\$ 500,000	
	Contents	\$ 100,000	7/01/20
	<u>115 Mattie Street</u>		
	Sewer Lab Building	\$ 50,000	
	Sewer Office Building	\$ 50,000	
	Contents	\$ 25,000	7/01/20
	<u>9300 Forrest Delatte Road</u>		
	Arts Council Building	\$ 100,000	
	Contents	\$ 50,000	7/01/20
	<u>133 Hummel Street</u>		

(CONTINUED)

**CITY OF DENHAM SPRINGS**

SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2020

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
Hartford Ins.	Flood Insurance (continued):		
	City Hall Building	\$ 500,000	
	Contents	\$ 500,000	7/01/20
	<u>116 N. Range Ave.</u>		
Excess Flood Coverage-Aon	City Hall (Building Only)	\$ 500,000	8/15/20
	<u>116 N. Range Ave.</u>		
Traveler's Insurance	Crime Policy	\$ 250,000	6/30/2021

See auditor's report.



STATISTICAL SECTION

## STATISTICAL SECTION

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

Contents	Page
Financial Trends	146
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	156
These schedules contain information to help the reader assess the City's most significant local revenue source, the sales tax.	
Debt Capacity	163
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	171
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	174
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

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

## CITY OF DENHAM SPRINGS

## NET POSITION BY COMPONENTS

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental Activities:</b>										
Net Investment in										
Capital Assets	\$ 8,303,719	\$ 8,471,515	\$ 8,151,415	\$ 7,959,533	\$ 7,833,690	\$ 7,578,587	\$ 7,894,411	\$ 8,852,195	\$ 9,414,293	\$ 11,073,059
Restricted	839,347	877,924	921,576	974,571	1,039,675	1,076,407	1,110,623	1,161,182	1,226,795	1,303,809
Unrestricted (Deficit)	2,328,944	1,855,098	1,907,078	2,002,874	(6,861,769)	(6,361,194)	(4,551,104)	(4,360,533)	(5,203,819)	(4,058,003)
Total Governmental Activities - Net Position	<u>\$ 11,472,010</u>	<u>\$ 11,204,537</u>	<u>\$ 10,980,069</u>	<u>\$ 10,936,978</u>	<u>\$ 2,011,596</u>	<u>\$ 2,293,800</u>	<u>\$ 4,453,930</u>	<u>\$ 5,652,844</u>	<u>\$ 5,437,269</u>	<u>\$ 8,318,865</u>
<b>Business-Type Activities:</b>										
Net Investment in										
Capital Assets	\$ 17,939,388	\$ 16,891,492	\$ 16,210,790	\$ 13,425,685	\$ 11,743,652	\$ 11,092,592	\$ 10,709,842	\$ 10,489,376	\$ 10,804,788	\$ 12,520,637
Restricted	3,993	4,045	25	51	-	-	-	-	-	-
Unrestricted (Deficit)	(755,714)	(427,300)	(403,066)	1,130,865	1,710,830	2,865,893	2,571,962	2,767,491	3,202,427	3,356,446
Total Business-Type Activities - Net Position	<u>\$ 17,187,667</u>	<u>\$ 16,468,237</u>	<u>\$ 15,807,749</u>	<u>\$ 14,556,601</u>	<u>\$ 13,454,482</u>	<u>\$ 13,958,485</u>	<u>\$ 13,281,804</u>	<u>\$ 13,256,867</u>	<u>\$ 14,007,215</u>	<u>\$ 15,877,083</u>
<b>Primary Government:</b>										
Net Investment in										
Capital Assets	\$ 26,243,107	\$ 25,363,007	\$ 24,362,205	\$ 21,385,218	\$ 19,577,342	\$ 18,671,179	\$ 18,604,253	\$ 19,341,571	\$ 20,219,081	\$ 23,593,696
Restricted	843,340	881,969	921,601	974,622	1,039,675	1,076,407	1,110,623	1,161,182	1,226,795	1,303,809
Unrestricted (Deficit)	1,573,230	1,427,798	1,504,012	3,133,739	(5,150,939)	(3,495,301)	(1,979,142)	(1,593,042)	(2,001,392)	(701,557)
Total Primary Government - Net Position	<u>\$ 28,659,677</u>	<u>\$ 27,672,774</u>	<u>\$ 26,787,818</u>	<u>\$ 25,493,579</u>	<u>\$ 15,466,078</u>	<u>\$ 16,252,285</u>	<u>\$ 17,735,734</u>	<u>\$ 18,909,711</u>	<u>\$ 19,444,484</u>	<u>\$ 24,195,948</u>

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

## CITY OF DENHAM SPRINGS

## CHANGE IN NET POSITION

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

	Fiscal Year				Fiscal Year					
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
<b>Governmental Activities:</b>										
General Government	\$ 2,049,444	\$ 2,076,944	\$ 2,095,813	\$ 2,023,504	\$ 2,145,397	\$ 2,152,354	\$ 2,639,792	\$ 2,437,965	\$ 2,412,412	\$ 2,639,104
Public Safety	6,818,702	6,930,110	6,947,554	7,030,418	6,878,353	6,805,088	7,144,277	6,846,372	7,390,688	7,292,904
Highways and Streets	2,406,333	1,927,226	1,995,902	1,927,344	2,453,904	1,971,847	8,776,069	2,875,109	2,077,107	1,961,810
Health	82,048	52,623	44,438	39,680	74,835	51,650	30,273	29,310	34,409	35,587
Culture and Recreation	94,656	134,582	147,513	143,393	183,990	161,147	133,933	171,936	142,881	178,390
Interest on Long-Term Indebtedness	27,237	18,977	9,489	1,202	156	-	-	-	-	-
Total Governmental Activities Expenses	11,478,420	11,140,462	11,240,709	11,165,541	11,736,635	11,142,086	18,724,344	12,360,692	12,057,497	12,107,795
<b>Business-Type Activities:</b>										
Gas	3,260,737	2,568,005	2,754,965	3,415,081	3,101,268	2,282,747	2,304,551	2,774,190	2,916,493	2,724,211
Water	2,384,053	2,417,291	2,446,504	2,594,965	2,554,246	2,394,908	2,406,037	2,362,879	2,358,904	2,230,902
Sewer	3,839,131	5,233,099	5,843,113	6,035,356	6,158,037	5,879,536	6,192,531	5,594,398	5,597,303	5,507,610
Sanitation	881,472	884,991	890,073	830,080	904,727	896,356	913,077	838,303	826,622	840,490
Total Business-Type Activities	10,365,393	11,103,386	11,934,655	12,875,482	12,718,278	11,453,547	11,816,196	11,569,770	11,699,322	11,303,213
Total Primary Government Expenses	\$ 21,843,813	\$ 22,243,848	\$ 23,175,364	\$ 24,041,023	\$ 24,454,913	\$ 22,595,633	\$ 30,540,540	\$ 23,930,462	\$ 23,756,819	\$ 23,411,008
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services:										
Public Safety	\$ 721,118	\$ 663,914	\$ 764,673	\$ 615,208	\$ 666,342	\$ 543,245	\$ 355,745	\$ 465,411	\$ 496,175	\$ 394,851
Highways and Streets	14,510	12,850	12,850	12,850	12,850	12,850	12,850	11,835	11,835	10,820
Operating Grants and Contributions	853,316	518,005	765,552	458,459	711,480	763,052	7,288,463	1,570,173	1,050,857	1,741,444
Capital Grants and Contributions	276,453	563,364	29,762	-	337,369	-	691,742	1,157,290	344,415	2,287,877
Total Governmental Activities Program Revenues	1,865,397	1,758,133	1,572,837	1,086,517	1,728,041	1,319,147	8,348,800	3,204,709	1,903,282	4,434,992
<b>Business-Type Activities:</b>										
Charges for Services:										
Natural Gas	3,854,570	3,560,357	4,072,157	5,349,179	4,758,675	3,655,028	2,948,060	4,027,218	4,148,175	3,672,678
Water	2,332,431	2,879,773	2,943,436	3,354,399	3,387,207	3,446,017	3,015,738	3,187,169	3,291,115	3,427,674
Sewer	2,424,324	3,000,401	3,221,524	3,594,076	3,370,735	3,458,451	3,033,149	3,194,199	3,319,161	3,495,222
Sanitation	751,127	791,828	779,458	794,722	816,824	802,098	722,786	722,807	760,465	767,718
Operating Grants and Contributions	-	30,750	75,253	91,146	60,940	170,101	528,014	64,036	169,950	240,603
Capital Grants and Contributions	2,761,000	281,339	147,779	71,938	532,141	385,893	466,531	320,451	715,543	1,369,021
Total Business-Type Activities Program Revenues	12,123,452	10,544,448	11,239,607	13,255,460	12,926,522	11,917,588	10,714,278	11,515,880	12,404,409	12,972,916
Total Primary Government Programs Revenues	\$ 13,988,849	\$ 12,302,581	\$ 12,812,444	\$ 14,341,977	\$ 14,654,563	\$ 13,236,735	\$ 19,063,078	\$ 14,720,589	\$ 14,307,691	\$ 17,407,908
<b>Net Expense/Revenue</b>										
Governmental Activities	\$ (9,613,023)	\$ (9,382,329)	\$ (9,667,872)	\$ (10,079,024)	\$ (10,008,594)	\$ (9,822,939)	\$ (10,375,544)	\$ (9,155,983)	\$ (10,154,215)	\$ (7,672,803)
Business-Type Activities	1,758,059	(558,938)	(695,048)	379,978	208,244	464,041	(1,101,918)	(53,890)	705,087	1,669,703
Total Primary Government Net Expense	\$ (7,854,964)	\$ (9,941,267)	\$ (10,362,920)	\$ (9,699,046)	\$ (9,800,350)	\$ (9,358,898)	\$ (11,477,462)	\$ (9,209,873)	\$ (9,449,128)	\$ (6,003,100)

(CONTINUED)

## CITY OF DENHAM SPRINGS

## CHANGE IN NET POSITION

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

	Fiscal Year					Fiscal Year				
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes:										
Property	\$ 215,189	\$ 210,351	\$ 218,788	\$ 293,173	\$ 320,432	\$ 319,365	\$ 275,364	\$ 289,607	\$ 291,577	\$ 326,552
Sales	6,343,589	6,627,015	6,904,506	7,249,345	7,347,545	7,281,993	8,389,648	7,823,526	7,399,855	7,687,752
Occupational and permits	959,812	996,867	1,021,659	1,020,538	1,029,019	1,070,043	1,041,368	1,055,098	1,044,131	1,043,182
Franchise	797,798	736,292	709,917	842,446	832,404	786,427	648,653	679,479	691,187	680,415
Miscellaneous	571,449	538,527	584,829	622,875	584,526	636,518	1,179,183	486,758	453,842	771,851
Interest Income	8,527	5,804	3,705	7,556	8,256	10,797	12,542	20,429	58,048	44,647
Insurance Proceeds	-	-	-	-	-	-	988,916	-	-	-
Total Governmental Activities	8,896,364	9,114,856	9,443,404	10,035,933	10,122,182	10,105,143	12,535,674	10,354,897	9,938,640	10,554,399
Business-Type Activities:										
Miscellaneous	91,277	20,539	25,549	17,262	40,877	30,134	128,700	14,300	23,965	22,095
Interest Income	11,893	11,332	9,011	9,386	9,754	9,828	17,328	14,653	21,296	65,328
Insurance Proceeds	-	-	-	-	-	-	279,209	-	-	79,987
Gain on Sale of Assets	-	-	-	-	-	-	-	-	-	32,755
Special Item	-	(192,363)	-	-	-	-	-	-	-	-
Total Business-Type Activities	103,170	(160,492)	34,560	26,648	50,631	39,962	425,237	28,953	45,261	200,165
Total Primary Government	\$ 8,999,534	\$ 8,954,364	\$ 9,477,964	\$ 10,062,581	\$ 10,172,813	\$ 10,145,105	\$ 12,960,911	\$ 10,383,850	\$ 9,983,901	\$ 10,754,564
<b>Change in Net Position</b>										
Governmental Activities	\$ (716,659)	\$ (267,473)	\$ (224,468)	\$ (43,091)	\$ 113,588	\$ 282,204	\$ 2,160,130	\$ 1,198,914	\$ (215,575)	\$ 2,881,596
Business-Type Activities	1,861,229	(719,430)	(660,488)	406,626	258,875	504,003	(676,681)	(24,937)	750,348	1,869,868
Total Primary Government	\$ 1,144,570	\$ (986,903)	\$ (884,956)	\$ 363,535	\$ 372,463	\$ 786,207	\$ 1,483,449	\$ 1,173,977	\$ 534,773	\$ 4,751,464

## CITY OF DENHAM SPRINGS

## FUND BALANCES OF GOVERNMENTAL FUNDS

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

	Fiscal Year				Fiscal Year					
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable:										
Prepaid Insurance	\$ 125,342	\$ 172,462	\$ 112,097	\$ 208,467	\$ 105,702	\$ 88,670	\$ 50,376	\$ 200,313	\$ 65,222	\$ 189,032
Unassigned	2,617,281	2,107,487	2,178,728	2,283,061	2,015,310	2,355,986	4,422,595	4,341,799	3,771,290	5,111,739
Total General Fund	<u>\$ 2,742,623</u>	<u>\$ 2,279,949</u>	<u>\$ 2,290,825</u>	<u>\$ 2,491,528</u>	<u>\$ 2,121,012</u>	<u>\$ 2,444,656</u>	<u>\$ 4,472,971</u>	<u>\$ 4,542,112</u>	<u>\$ 3,836,512</u>	<u>\$ 5,300,771</u>
All Other Governmental Funds										
Nonspendable:										
Permanent Fund Principal	\$ 752,020	\$ 775,852	\$ 808,328	\$ 853,534	\$ 890,819	\$ 923,037	\$ 948,401	\$ 995,098	\$ 1,059,668	\$ 1,137,248
Restricted For:										
Witness Fees	84,060	98,804	109,979	117,768	145,587	150,101	158,953	162,815	163,858	163,292
Other Purposes	3,267	3,268	3,269	3,269	3,269	3,269	3,269	3,269	3,269	3,269
Assigned To:										
Capital Projects	112,633	148,456	226,634	162,034	92,983	167,583	161,357	161,147	152,412	72,993
Total All Other Governmental Funds	<u>\$ 951,980</u>	<u>\$ 1,026,380</u>	<u>\$ 1,148,210</u>	<u>\$ 1,136,605</u>	<u>\$ 1,132,658</u>	<u>\$ 1,243,990</u>	<u>\$ 1,271,980</u>	<u>\$ 1,322,329</u>	<u>\$ 1,379,207</u>	<u>\$ 1,376,802</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.

## CITY OF DENHAM SPRINGS

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

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

	Fiscal Year					Fiscal Year				
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues:</b>										
Taxes	\$ 7,705,488	\$ 7,913,056	\$ 8,128,576	\$ 8,657,791	\$ 8,738,638	\$ 8,625,408	\$ 9,478,989	\$ 8,958,286	\$ 8,567,949	\$ 8,857,987
Licenses and Permits	959,812	996,867	1,021,659	1,020,538	1,029,019	1,070,043	1,041,368	1,055,098	1,044,131	1,043,182
Fines and Forfeits	658,025	606,737	707,249	566,769	596,819	493,339	325,256	422,245	457,777	360,880
Interest	8,408	5,715	3,613	7,556	8,256	10,797	11,634	20,429	58,048	44,647
Fees	57,549	50,744	52,909	43,094	64,116	45,480	32,756	40,846	35,498	27,895
Intergovernmental	1,072,271	1,008,583	821,121	473,457	725,678	477,845	7,284,326	2,465,064	1,099,675	3,753,843
Miscellaneous	300,089	291,198	306,231	362,995	399,068	389,994	717,434	310,228	286,774	598,234
<b>Total Revenues</b>	<b>10,761,642</b>	<b>10,872,900</b>	<b>11,041,358</b>	<b>11,132,200</b>	<b>11,561,594</b>	<b>11,112,906</b>	<b>18,891,763</b>	<b>13,272,196</b>	<b>11,549,852</b>	<b>14,686,668</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General Government	1,952,557	2,039,948	2,034,979	1,970,382	2,142,114	2,087,443	2,569,637	2,324,424	2,572,660	4,141,389
Public Safety	6,450,485	6,626,668	6,618,034	6,828,017	7,039,551	6,480,187	7,249,558	7,090,880	7,632,306	6,692,899
Highways and Streets	1,537,640	1,614,129	1,624,567	1,595,646	1,661,674	1,708,065	8,360,867	2,155,051	1,641,684	2,181,365
Health	82,048	52,623	44,438	39,680	74,835	51,650	30,273	29,310	34,409	35,587
Culture and Recreation	73,787	86,196	141,423	124,809	156,141	108,028	76,281	113,224	82,924	119,023
<b>Capital Outlay:</b>										
General Government	-	-	-	-	-	-	-	-	-	-
Highways and Streets	628,305	523,278	181,980	349,330	844,123	242,557	620,286	1,456,010	234,591	79,651
Culture and Recreation	235,807	175,213	3,828	-	-	-	-	-	-	-
<b>Debt Service:</b>										
Principal Retirement	209,594	220,214	247,028	33,744	17,314	-	-	-	-	-
Interest	30,378	22,405	12,375	1,494	305	-	-	-	-	-
<b>Total Expenditures</b>	<b>11,200,601</b>	<b>11,360,674</b>	<b>10,908,652</b>	<b>10,943,102</b>	<b>11,936,057</b>	<b>10,677,930</b>	<b>18,906,902</b>	<b>13,168,899</b>	<b>12,198,574</b>	<b>13,249,914</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(438,959)</b>	<b>(487,774)</b>	<b>132,706</b>	<b>189,098</b>	<b>(374,463)</b>	<b>434,976</b>	<b>(15,139)</b>	<b>103,297</b>	<b>(648,722)</b>	<b>1,436,754</b>
<b>Other Financing Sources (Uses)</b>										
Capital Leases	-	99,500	-	-	-	-	-	-	-	-
Insurance Proceeds	-	-	-	-	-	-	988,916	-	-	-
Proceeds from Disposition of Assets	-	-	-	-	-	-	1,082,528	16,193	-	25,100
Transfers In	337,158	235,353	260,682	284,730	496,259	316,680	-	131,930	80,000	-
Transfers Out	(337,158)	(235,353)	(260,682)	(284,730)	(496,259)	(316,680)	-	(131,930)	(80,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>99,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,071,444</b>	<b>16,193</b>	<b>-</b>	<b>25,100</b>
<b>Net Change in Fund Balances</b>	<b>\$ (438,959)</b>	<b>\$ (388,274)</b>	<b>\$ 132,706</b>	<b>\$ 189,098</b>	<b>\$ (374,463)</b>	<b>\$ 434,976</b>	<b>\$ 2,056,305</b>	<b>\$ 119,490</b>	<b>\$ (648,722)</b>	<b>\$ 1,461,854</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>2.28%</b>	<b>2.32%</b>	<b>2.41%</b>	<b>0.34%</b>	<b>0.16%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

## CITY OF DENHAM SPRINGS

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Occupational Licenses and Permits	Charitable Gaming Tax	Total
2011	215,189	6,343,589	797,798	959,812	303,092	8,619,480
2012	210,351	6,627,015	736,292	996,867	286,920	8,857,445
2013	218,788	6,904,506	709,917	1,021,659	240,546	9,095,416
2014	293,173	7,249,345	842,446	1,020,538	216,595	9,622,097
2015	320,432	7,347,545	832,404	1,029,019	179,736	9,709,136
2016	319,365	7,281,993	786,427	1,070,043	181,399	9,639,227
2017	275,364	8,389,648	648,653	1,041,368	111,326	10,466,359
2018	289,607	7,823,526	679,479	1,055,098	101,497	9,949,207
2019	291,577	7,399,855	691,187	1,044,131	112,000	9,538,750
2020	326,552	7,687,752	680,415	1,043,182	84,643	9,822,544

## CITY OF DENHAM SPRINGS

ASSESSED AND ESTIMATED ACTUAL VALUE  
OF TAXABLE PROPERTY

Last Ten Years  
(Unaudited)

Year	Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Ratio of Total Assessed Value to Total Estimated Actual Value*
2011	\$ 78,768,530	2.75	\$ 716,077,545	11%
2012	77,289,790	2.75	702,634,455	11
2013	79,817,110	2.75	725,610,091	11
2014	82,401,100	3.60	749,100,909	11
2015	85,650,350	3.73	778,639,545	11
2016	85,660,850	3.73	778,735,000	11
2017	81,148,660	3.48	737,715,091	11
2018	84,082,230	3.48	764,383,909	11
2019	85,189,780	3.48	774,452,545	11
2020	88,109,420	3.72	800,994,727	11

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

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

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

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

CITY OF DENHAM SPRINGS

PROPERTY TAX RATES AND TAX LEVIES  
DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Years  
(Unaudited)

Fiscal Year	City of Denham Springs			Parish Special Districts				Total Parish Millage	Livingston Parish School Board					Total School Millages	Total Direct and Overlapping Rates
	Operating Millage	Total City Millage	Parishwide <sup>1</sup>	Drainage District #1	Recreation District #3	Law Enforcement District	Juvenile Detention Center		Operational Millage	Additional Support Millage	Maintenance Millage	Construction Millage	Debt Service Millage		
2011	2.75	2.75	42.84	3.99	17.00	10.55	3.00	77.38	3.29	7.18	7.00	5.00	18.29	40.76	120.89
2012	2.75	2.75	44.15	5.00	17.00	10.55	2.75	79.45	3.29	7.18	7.00	5.00	13.88	36.35	118.55
2013	2.75	2.75	44.66	4.85	16.00	10.55	2.75	78.81	3.29	7.18	7.00	4.73	12.03	34.23	115.79
2014	3.60	3.60	45.56	4.85	16.00	10.55	2.75	79.71	3.29	7.18	7.00	5.00	11.47	33.94	117.25
2015	3.73	3.73	45.67	4.85	16.00	10.55	2.75	79.82	3.29	7.18	7.00	5.00	11.22	33.69	117.24
2016	3.73	3.73	43.61	5.00	15.35	10.55	2.75	77.26	3.29	7.18	7.00	5.00	10.97	33.44	114.43
2017	3.48	3.48	43.11	4.43	15.35	10.55	2.75	76.19	3.29	7.18	7.00	5.00	9.64	32.11	111.78
2018	3.48	3.48	41.29	4.43	15.10	10.55	2.75	74.12	3.29	7.18	7.00	5.00	11.64	34.11	111.71
2019	3.48	3.48	41.29	4.43	15.10	10.55	2.75	74.12	3.29	7.18	7.00	5.00	11.64	34.11	111.71
2020	3.72	3.72	41.79	4.43	15.00	10.55	2.75	74.52	3.29	7.18	7.00	5.00	10.14	32.61	110.85

<sup>1</sup>Parishwide - includes all or some of the following:  
Parish/Local, Dixon Sinking, Courthouse Sinking, Road Equipment/Maintenance, Drainage Tax, Council on Aging, Courthouse Maintenance, Health Unit, Library, and Assessor.

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

## CITY OF DENHAM SPRINGS

PRINCIPAL PROPERTY TAXPAYERSCurrent Year and Nine Years Ago  
(Unaudited)

Name of Taxpayer	Type of Business	2020			2011		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
All Star Dealership Properties	Auto Dealership	\$ 6,476,400	1	7.35%	\$ 1,377,490	5	1.75%
Walmart Louisiana, LLC	Retail	2,885,120	2	3.27	2,756,690	1	3.50
Sam's East, Inc./Real Estate Business Trust	Retail	2,347,590	3	2.66	-	-	-
Home Depot #0375	Retail	2,091,380	4	2.37	1,601,930	4	2.03
Capital One Bank	Bank	1,234,570	5	1.40	-	-	-
Whitney Bank/Hancock Bank of Louisiana	Bank	1,170,170	6	1.33	1,287,920	6	1.64
First Guaranty Bank	Bank	1,028,920	7	1.17	666,720	9	0.85
Entergy Gulf States, LLC Spring Park	Public Utility	956,770	8	1.09	653,790	10	0.83
Property Owner, LLC	Real Estate	720,570	9	0.82	826,130	8	1.05
Regions Bank	Bank	671,300	10	0.76	-	-	-
Bellsouth/AT&T Telecommunications	Telecommunications	-	-	-	2,423,180	2	3.08
Bass Pro Outdoor World	Retail	-	-	-	1,859,610	3	2.36
Cox Communications Inc.	Telecommunications	-	-	-	1,192,760	7	1.51
		<u>\$ 19,582,790</u>		<u>22.23%</u>	<u>\$ 14,646,220</u>		<u>18.60%</u>

Source: Livingston Parish Assessor's Office.

## CITY OF DENHAM SPRINGS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years  
(Unaudited)

Fiscal Year Ended June 30	Total Tax Levy For Fiscal Year	Collected Within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 216,457	\$ 209,089	96.60 %	\$ 5,221	\$ 214,310	99.01 %
2012	212,394	208,209	98.03	2,858	211,067	99.38
2013	219,339	213,381	97.28	2,792	216,173	98.56
2014	296,969	289,873	97.61	4,750	294,623	99.21
2015	319,044	313,950	98.40	3,173	317,123	99.40
2016	319,087	315,134	98.76	2,750	317,884	99.62
2017	282,235	272,614	96.59	3,794	276,408	97.94
2018	292,438	286,190	97.86	2,859	289,049	98.84
2019	296,290	288,765	97.46	3,549	292,314	97.46
2020	328,120	316,248	96.38	-	316,248	96.38

## CITY OF DENHAM SPRINGS

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

LAST TEN FISCAL YEARS  
(Unaudited)

Standard Industrial Classification Code	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Agriculture, Forestry, and Fishing	N/A									
Mining	N/A									
Construction	N/A									
Manufacturing	N/A									
Transportation and Public Utilities	N/A									
Wholesale Trade	N/A									
Other Retail Trade	N/A									
Vehicle	21,758	20,324	23,540	21,423	21,431	22,165	53,211	19,640	17,655	21,875
Food Stores	N/A									
Finance, Insurance, and Real Estate	N/A									
Services	N/A									
Public Administration	N/A									

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

## CITY OF DENHAM SPRINGS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years  
(Unaudited)

Fiscal Year Ended June 30	Governmental Activities			Business - Type Activities		Total Primary Government	Percentage of Personal Income	Population <sup>1</sup>	Per Capita
	General Obligation Bonds	Certificates of Indebtedness	Capital Lease	Revenue Bonds	Capital Lease				
2011	\$ -	\$ -	\$ 418,800	\$ 54,378,780	\$ -	\$ 54,797,580	N/A	10,215	\$ 5,364.42
2012	-	-	298,086	53,716,061	-	54,014,147	N/A	10,390	5,198.67
2013	-	-	72,275	53,028,341	229,167	53,329,783	N/A	10,129	5,265.06
2014	-	-	34,023	52,315,485	180,475	52,529,983	N/A	10,215	5,142.44
2015	-	-	12,085	53,241,999	130,533	53,384,617	N/A	10,251	5,207.75
2016	-	-	7,343	53,001,589	79,309	53,088,241	N/A	10,215	5,197.09
2017	-	-	1,552	54,782,954	16,754	54,801,260	N/A	10,314	5,313.29
2018	-	-	-	53,169,292	-	53,169,292	N/A	10,332	5,146.08
2019	-	-	-	51,477,555	-	51,477,555	N/A	10,327	4,984.75
2020	-	-	-	49,682,805	-	49,682,805	N/A	10,295	4,825.92

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

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

## CITY OF DENHAM SPRINGS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years  
(Unaudited)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
2011	-	-	-	N/A	N/A
2012	-	-	-	N/A	N/A
2013	-	-	-	N/A	N/A
2014	-	-	-	N/A	N/A
2015	-	-	-	N/A	N/A
2016	-	-	-	N/A	N/A
2017	-	-	-	N/A	N/A
2018	-	-	-	N/A	N/A
2019	-	-	-	N/A	N/A
2020	-	-	-	N/A	N/A

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

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

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

## CITY OF DENHAM SPRINGS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

JUNE 30, 2020  
(Unaudited)

	Gross Debt Outstanding	Amounts In Debt Service Fund For Principal	Net Debt Outstanding	City of Denham Springs	
				Estimated Percentage Applicable <sup>1</sup>	Share of Debt
<u>GOVERNMENTAL UNIT - Direct Debt</u>					
City of Denham Springs	\$ -	\$ -	\$ -	100%	\$ -
<u>OTHER GOVERNMENTAL AGENCIES - Overlapping Debt</u>					
School District #1	12,270,000	1,094,810	11,175,190	29%	3,240,805
Library Bonds	3,240,000	975,576	2,264,424	11%	249,087
Livingston Parish -					
Recreation District No. 3	8,560,000	762,891	7,797,109	37%	2,884,930
Recreation District No. 3	150,000	183,588	(33,588)	37%	(12,428)
Total Other Governmental Agencies	<u>24,220,000</u>	<u>3,016,865</u>	<u>21,203,135</u>		<u>6,362,394</u>
Total Direct and Overlapping Debt	<u>\$ 24,220,000</u>	<u>\$ 3,016,865</u>	<u>\$ 21,203,135</u>		<u>\$ 6,362,394</u>
2020 Population					<u>10,295</u>
Per Capita					<u>\$ 618</u>

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

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

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

## CITY OF DENHAM SPRINGS

LEGAL DEBT MARGIN INFORMATIONLast Ten Years  
(Unaudited)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 7,876,853	\$ 7,728,979	\$ 7,981,711	\$ 8,240,110	\$ 8,565,035	\$ 8,566,085	\$ 8,114,856	\$ 8,408,223	\$ 8,518,978	\$ 8,810,942
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 7,876,853</u>	<u>\$ 7,728,979</u>	<u>\$ 7,981,711</u>	<u>\$ 8,240,110</u>	<u>\$ 8,565,035</u>	<u>\$ 8,566,085</u>	<u>\$ 8,114,856</u>	<u>\$ 8,408,223</u>	<u>\$ 8,518,978</u>	<u>\$ 8,810,942</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	<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.

Legal Debt Margin Calculation for Fiscal Year 2020

Total Assessed Value	<u>\$ 88,109,420</u>
Debt Limit (10% of Total Assessed Value)	\$ 8,810,942
Less: Debt Applicable to Limit: General Obligation Bonds	<u>-</u>
Legal Debt Margin	<u>\$ 8,810,942</u>

## CITY OF DENHAM SPRINGS

PLEDGED REVENUE COVERAGELast Ten Years  
(Unaudited)

Year	Utility Revenue Bonds							Special Assessment Certificates				
	Gross Revenue <sup>1</sup>	Other Financial Sources <sup>3</sup>	Expenses <sup>2</sup>	Available for Debt Service	Debt Service		Total	Coverage	Special Assessment Collections	Debt Service		Coverage
					Principal	Interest				Principal	Interest	
2011	\$ 9,563,886	\$ -	\$ 7,162,349	\$ 2,401,537	\$ 635,000	\$ 2,471,445 <sup>4</sup>	\$ 3,106,445	0.77	\$ -	\$ -	\$ -	N/A
2012	10,294,980	-	6,858,537	3,436,443	660,000	2,447,190 <sup>4</sup>	3,107,190	1.11	-	-	-	N/A
2013	11,126,388	-	7,262,961	3,863,427	708,888	2,425,081	3,133,969	1.23	-	-	-	N/A
2014	13,210,170	-	8,251,027	4,959,143	758,692	2,400,873	3,159,565	1.57	-	-	-	N/A
2015	12,445,012	-	8,204,298	4,240,714	779,692	2,283,432	3,063,124	1.38	-	-	-	N/A
2016	11,571,657	-	7,107,991	4,463,666	1,331,224	2,104,449	3,435,673	1.30	-	-	-	N/A
2017	10,672,984	-	7,909,948	2,763,036	1,662,555	1,682,839	3,345,394	0.83	-	-	-	N/A
2018	11,224,382	-	7,487,609	3,736,773	1,615,000	1,875,240	3,490,240	1.07	-	-	-	N/A
2019	11,868,000	-	7,712,714	4,155,286	1,690,000	1,820,436	3,510,436	1.18	-	-	-	N/A
2020	11,804,060	-	7,418,124	4,385,936	1,740,000	1,756,919	3,496,919	1.25	-	-	-	N/A

<sup>1</sup>Total Operating Revenues plus Non-Operating Revenues plus Capitalized Interest Income<sup>2</sup>Total Operating Expenses plus Non-Operating Expenses less Depreciation and Debt Service Interest on Revenue Bonds not capitalized<sup>3</sup>Transfers In<sup>4</sup>Interest capitalized during construction plus Debt Service Interest on Revenue Bonds not capitalized

## CITY OF DENHAM SPRINGS

DEMOGRAPHIC AND ECONOMIC STATISTICSLast Ten Years  
(Unaudited)

Year	Population <sup>1</sup>	Personal Income (amounts expressed in thousands)	Per Capita Income <sup>2</sup>	Median Age <sup>5</sup>	Public School Enrollment <sup>4</sup>	Unemployment Livingston Parish <sup>3</sup>	Unemployment Labor Market Area <sup>3</sup>
2011	10,215	\$ 325,164	\$ 31,832	N/A	24,468	8.0	8.4
2012	10,390	347,920	33,486	N/A	24,773	8.2	8.7
2013	10,148	346,634	34,158	N/A	25,830	6.9	7.8
2014	10,215	370,089	36,230	N/A	25,603	4.9	6.3
2015	10,251	344,885	33,644	N/A	25,845	5.6	6.5
2016	10,215	345,798	33,852	N/A	25,714	5.6	6.0
2017	10,314	282,965	27,435	N/A	25,295	4.9	5.2
2018	10,332	285,917	27,673	N/A	25,460	5.0	5.4
2019	10,327	292,853	28,358	N/A	25,712	4.6	5.0
2020	10,295	276,163	26,825	N/A	26,111	7.8	9.4

<sup>1</sup>Per State Treasurer's office years 2012-2020, United States Census Bureau year 2011.<sup>2</sup>Parishwide Per Capita Income Per Louisiana Department of Labor.<sup>3</sup>Per Louisiana Department of Labor.<sup>4</sup>Louisiana Department of Education.<sup>5</sup>United States Census Bureau.

N/A - Not readily available at this time.

## CITY OF DENHAM SPRINGS

Principal EmployersCurrent Year  
(Unaudited)

<u>Employer</u>	<u>2020</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Livingston Parish School Board	647	1	9.99%
Walmart	397	2	6.13%
Home Depot	188	3	2.90%
Sam's Club	170	4	2.62%
City of Denham Springs	160	5	2.47%
Keller Williams	160	6	2.47%
All Star Automotive Dealerships	150	7	2.32%
Bass Pro Shops	150	8	2.32%
Hancock Whitney	137	9	2.11%
B&C Sheet Metal	83	10	1.28%
	<u>2,242</u>		<u>34.61%</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 FUNCTIONLast Ten Fiscal Years  
(Unaudited)

Function	Full-time Equivalent Employees as of June 30									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government:										
General Provisions	14	14	14	14	12	10	15	16	16	16
Cemetery	-	-	-	-	-	-	-	-	-	-
Business License and Permit	1	1	1	1	1	1	1	1	1	1
Ward II Court	2	2	2	2	2	2	2	1	1	1
Planning and Zoning	3	3	3	2	4	4	5	4	4	4
Landscaping	-	-	-	-	-	-	-	-	-	-
Public Safety:										
Animal Control	10	10	13	11	13	8	7	8	10	12
Firemen	29	29	29	26	27	26	27	27	27	27
Firemen Administrative Staff	-	-	-	3	2	2	2	2	2	3
Policemen	34	36	33	31	33	26	26	31	27	22
Police Evidence Officer	-	-	-	-	-	1	1	1	1	1
Police Communications	3	2	2	3	4	4	5	5	5	4
Police Administrative Staff	5	5	5	5	5	4	6	5	5	5
Police Crossing Guards	3	3	3	3	3	3	3	3	3	3
Litter Control	-	-	-	-	-	-	-	-	-	-
Public Works:										
Street	21	21	20	23	20	18	20	16	15	14
Culture and Recreation:										
Main Street Director	-	-	-	-	-	-	1	1	1	1
Old City Hall Secretary	1	1	1	1	1	1	1	1	1	1
Public Utilities:										
Natural Gas, Water and Sewer	46	47	42	41	44	42	33	33	33	34
Motor Pool:										
Mechanics	2	2	2	2	2	2	2	2	2	2
Total Full-time Equivalent	<u>174</u>	<u>176</u>	<u>170</u>	<u>168</u>	<u>173</u>	<u>154</u>	<u>157</u>	<u>157</u>	<u>154</u>	<u>151</u>
Total Full-time and Part-time Employees	<u>187</u>	<u>186</u>	<u>189</u>	<u>175</u>	<u>183</u>	<u>174</u>	<u>162</u>	<u>163</u>	<u>164</u>	<u>154</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.

## CITY OF DENHAM SPRINGS

## OPERATING INDICATORS BY FUNCTION

	Last Ten Fiscal Years (Unaudited)									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Government</b>										
<b>Election Data</b>										
Registered Voters	6,453	6,370	6,514	6,394	6,388	5,877	6,445	5,883	5,805	5,720
Voters at polls	2,042	1,387	2,123	640	2,407	1,668	2,933	1,075	1,977	2,686
Absentee ballots	175	177	N/A	80	346	297	1,137	212	388	1,190
Percent Voting	34.36%	24.55%	32.59%	11.26%	43.10%	33.43%	63.15%	21.86%	40.73%	67.77%
<b>Ward II Court</b>										
<b>Court Cases</b>										
Civil	1,791	1,791	1,746	1,815	2,478	1,953	1,207	1,641	1,880	1,782
Criminal	1,894	1,779	1,718	1,764	1,755	N/A	415	473	1,470	1,561
Landlord and tenant (Included in Civil)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Small Claims	-	-	-	-	-	1,103	N/A	N/A	N/A	N/A
Traffic	15,798	12,238	15,683	12,641	15,440	10,975	3,577	6,357	5,629	4,872
<b>Public Safety</b>										
<b>Police Protection</b>										
Adult arrests	984	1,012	853	880	936	885	683	1,049	866	577
Civil infractions	N/A	N/A	N/A	N/A	N/A	N/A	719	N/A	N/A	N/A
Group A Offenses	1,229	1,271	1,311	999	984	826	711	970	813	920
Group B Offenses	772	1,127	1,199	842	1,564	898	742	996	908	986
Accidents w/injury	152	146	136	243	169	119	111	125	261	198
Juvenile arrest	87	78	66	59	58	42	35	53	86	35
DWI	143	147	102	75	69	70	76	81	97	48
Parking violations	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Criminal damage to property	199	183	119	138	142	120	101	106	102	92
Private property damage	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total traffic violations	9,365	10,087	9,604	6,005	12,125	9,147	8,025	9,967	6,352	4,736
<b>Fire Protection</b>										
Fire	47	78	62	74	54	56	53	56	45	56
Estimated Loss Due to Fire Incidents Reported	\$ 1,140,450	\$ 266,100	\$ 491,800	\$ 809,350	\$ 908,700	\$ 167,800	\$ 665,800	\$ 455,900	\$ 520,550	\$ 102,300
Overpressure rupture, explosion, overhear (no fire)	3	5	1	4	8	4	2	-	3	6
Rescue & Emergency Medical Service Incident	939	875	1,074	1,282	1,223	1,045	908	1,074	1,046	992
Hazardous Condition (No Fire)	41	44	23	32	41	39	38	23	29	19
Service Call	82	116	134	116	116	163	131	180	136	120
Good Intent Call	46	107	135	209	287	219	213	232	216	205
False Alarm & False Call	76	87	127	120	141	107	150	128	111	95
Severe Weather & Natural Disaster	1	3	-	1	5	2	2	1	1	2
Special Incident Type	-	-	2	3	6	1	-	2	1	4

(CONTINUED)

CITY OF DENHAM SPRINGS

OPERATING INDICATORS BY FUNCTION

	Last Ten Fiscal Years (Unaudited)									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Natural Gas Services</b>										
<b>Customers</b>	6,189	6,223	6,274	6,325	6,362	6,410	5,816	5,991	6,140	6,252
Inside - Residential	2,175	2,169	2,179	2,168	2,132	2,144	1,762	1,800	1,856	1,886
Inside - Commercial/Industrial	265	260	255	254	262	259	228	233	227	233
Outside - Residential	3,676	3,720	3,765	3,824	3,887	3,923	3,745	3,878	3,979	4,053
Outside - Commercial/Industrial	73	74	75	79	81	84	81	80	78	80
<b>Natural Gas (in million cubic feet (MCF))</b>										
Purchased from LA Municipal Gas Authority (LMGA)	302,402	247,898	278,445	321,867	302,169	242,638	183,224	258,735	252,373	229,570
Sold to customers	319,225	234,112	266,238	342,111	287,104	266,666	182,691	257,962	270,904	231,953
<b>Rates</b>										
<b>All customers inside and outside the city</b>										
Minimum monthly charge	\$ 8.25	\$ 8.25	\$ 8.25	\$ 8.32	\$ 8.48	\$ 8.41	\$ 8.48	\$ 8.66	\$ 8.86	\$ 9.50
Monthly gas rate - cost of gas plus .99 cents per CCF (hundred cubic feet)	eff. 3-1-08	eff. 7-1-11	eff. 3-1-13	eff. 7-1-13	eff. 7-1-14	eff. 7-1-15	eff. 7-1-16	eff. 7-1-17	eff. 7-1-18	eff. 7-1-19
<b>Water Services</b>										
<b>Customers</b>	7,977	8,215	8,370	8,470	8,606	8,645	8,095	8,305	8,556	8,754
Inside - Residential	3,865	3,930	3,950	3,943	3,927	3,914	3,535	3,605	3,668	3,731
Inside - Commercial/Industrial	217	260	268	275	286	290	285	291	296	300
Outside - Residential	3,476	3,828	3,941	4,029	4,153	4,184	4,004	4,121	4,303	4,426
Outside - Commercial/Industrial	178	197	211	223	240	257	271	288	289	297
Contracted Service - Shadow Springs Utility System, Inc.	241	-	-	-	-	-	-	-	-	-
<b>Water (per hundred gallons)</b>										
Sold to customers	8,280,542	8,561,011	8,156,525	7,892,791	7,576,086	7,693,095	8,750,638	7,070,081	6,871,623	7,139,045
<b>Rates (amount billed customers)</b>										
<b>Inside the corporate limits</b>										
For the first 2,500 gallons monthly minimum charge based on meter size - Refer to meter chart (A)										
For every 1,000 gallons or part thereof next 5,500 gallons	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.27	\$ 2.31	\$ 2.29	\$ 2.31	\$ 2.36	\$ 2.41	\$ 2.46
For every 1,000 gallons or part thereof next 17,000 gallons	\$ 2.10	\$ 2.10	\$ 2.10	\$ 2.12	\$ 2.16	\$ 2.14	\$ 2.16	\$ 2.21	\$ 2.26	\$ 2.31
For every 1,000 gallons or part thereof all over 25,000 gallons	\$ 1.95	\$ 1.95	\$ 1.95	\$ 1.97	\$ 2.01	\$ 1.99	\$ 2.01	\$ 2.05	\$ 2.10	\$ 2.15
Flat fee for filling of swimming pool or tank truck from fire hydrant by authorized personnel	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.64	\$ 77.12	\$ 76.48	\$ 77.11	\$ 78.76	\$ 80.61	\$ 82.37

(CONTINUED)

CITY OF DENHAM SPRINGS

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years  
(Unaudited)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Chart (A) - Monthly minimum charge</b>										
5/8 inch	\$ 6.75	\$ 11.75	\$ 11.75	\$ 11.85	\$ 12.08	\$ 11.98	\$ 12.08	\$ 12.34	\$ 12.63	\$ 12.91
3/4 inch	\$ 9.10	\$ 14.10	\$ 14.10	\$ 14.22	\$ 14.50	\$ 14.38	\$ 14.50	\$ 14.81	\$ 15.16	\$ 15.49
1 inch	\$ 15.15	\$ 20.15	\$ 20.15	\$ 20.32	\$ 20.72	\$ 20.55	\$ 20.72	\$ 21.16	\$ 21.66	\$ 22.13
1 1/2 inch	\$ 30.15	\$ 35.15	\$ 35.15	\$ 35.45	\$ 36.15	\$ 35.85	\$ 36.15	\$ 36.92	\$ 37.79	\$ 38.61
2 inch	\$ 48.30	\$ 53.30	\$ 53.30	\$ 53.75	\$ 54.81	\$ 54.36	\$ 54.81	\$ 55.98	\$ 57.29	\$ 58.54
3 inch	\$ 91.25	\$ 96.25	\$ 96.25	\$ 97.07	\$ 98.98	\$ 98.16	\$ 98.97	\$ 101.09	\$ 103.46	\$ 105.71
4 inch	\$ 152.20	\$ 157.20	\$ 157.20	\$ 158.54	\$ 161.65	\$ 160.32	\$ 161.65	\$ 165.11	\$ 168.97	\$ 172.65
6 inch	\$ 303.80	\$ 308.80	\$ 308.80	\$ 311.43	\$ 317.55	\$ 314.93	\$ 317.54	\$ 324.33	\$ 331.93	\$ 339.16
8 inch	\$ 607.25	\$ 612.25	\$ 612.25	\$ 617.47	\$ 629.59	\$ 624.40	\$ 629.57	\$ 643.04	\$ 658.10	\$ 672.43
<b>Outside the corporate limits</b>										
For the first 2,500 gallons monthly minimum charge based on meter size - Refer to meter chart (B)										
For every 1,000 gallons or part thereof next 5,500 gallons	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.27	\$ 2.31	\$ 2.29	\$ 2.31	\$ 2.36	\$ 2.41	\$ 2.46
For every 1,000 gallons or part thereof next 17,000 gallons	\$ 2.10	\$ 2.10	\$ 2.10	\$ 2.12	\$ 2.16	\$ 2.14	\$ 2.16	\$ 2.21	\$ 2.26	\$ 2.31
For every 1,000 gallons or part thereof all over 25,000 gallons	\$ 1.95	\$ 1.95	\$ 1.95	\$ 1.97	\$ 2.01	\$ 1.99	\$ 2.01	\$ 2.05	\$ 2.10	\$ 2.15
Flat fee for filling of swimming pool or tank truck from fire hydrant by authorized personnel	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.64	\$ 77.12	\$ 76.48	\$ 77.11	\$ 78.76	\$ 80.61	\$ 82.37
<b>Chart (B) - Monthly minimum charge</b>										
5/8 inch	\$ 7.25	\$ 12.25	\$ 12.25	\$ 12.35	\$ 12.60	\$ 12.50	\$ 12.60	\$ 12.87	\$ 13.17	\$ 13.46
3/4 inch	\$ 10.90	\$ 15.90	\$ 15.90	\$ 16.04	\$ 16.35	\$ 16.22	\$ 16.35	\$ 16.70	\$ 17.10	\$ 17.47
1 inch	\$ 18.15	\$ 23.15	\$ 23.15	\$ 23.35	\$ 23.81	\$ 23.61	\$ 23.81	\$ 24.32	\$ 24.89	\$ 25.43
1 1/2 inch	\$ 36.20	\$ 41.20	\$ 41.20	\$ 41.55	\$ 42.37	\$ 42.02	\$ 42.37	\$ 43.28	\$ 44.29	\$ 45.25
2 inch	\$ 57.95	\$ 62.95	\$ 62.95	\$ 63.49	\$ 64.73	\$ 64.20	\$ 64.73	\$ 66.11	\$ 67.66	\$ 69.13
3 inch	\$ 109.50	\$ 114.50	\$ 114.50	\$ 115.48	\$ 117.74	\$ 116.77	\$ 117.74	\$ 120.26	\$ 123.07	\$ 125.75
4 inch	\$ 182.60	\$ 187.60	\$ 187.60	\$ 189.20	\$ 192.91	\$ 191.32	\$ 192.90	\$ 197.03	\$ 201.65	\$ 206.04
6 inch	\$ 364.55	\$ 369.55	\$ 369.55	\$ 372.65	\$ 379.97	\$ 376.84	\$ 379.96	\$ 388.09	\$ 397.18	\$ 405.83
8 inch	\$ 728.70	\$ 733.70	\$ 733.70	\$ 739.96	\$ 754.48	\$ 748.26	\$ 754.46	\$ 770.60	\$ 788.65	\$ 805.83
<b>Sewer Services</b>										
<b>Customers</b>	5,600	5,654	5,719	5,262	5,256	5,258	4,832	4,947	5,025	5,085
Inside - Residential	3,256	3,262	3,278	3,264	3,257	3,252	2,951	3,014	3,069	3,121
Inside - Commercial/Industrial	632	645	653	654	654	657	614	629	628	632
Outside - Residential	1,219	1,259	1,301	1,322	1,324	1,325	1,245	1,280	1,305	1,309
Outside - Commercial/Industrial	20	21	22	22	21	24	22	24	23	23
Contracted Services-LP Sewer District #1 and #2	473	467	465	471	474	470	456	463	507	563
Denham Springs Sewerage District #1	1,269	1,847	2,089	2,147	2,237	2,332	2,234	2,307	2,411	2,472

(CONTINUED)

CITY OF DENHAM SPRINGS

OPERATING INDICATORS BY FUNCTION

	Last Ten Fiscal Years (Unaudited)									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Rates (amount billed customers)</b>										
<b>(The City of Denham Springs and Denham Springs Sewerage District #1 use the same rate tables)</b>										
<b>Residential customers inside the city</b>										
Monthly flat fee and % of water consumption per 100 gallons	\$ 10.00 25%	\$ 10.00 25%	\$ 10.00 25%	\$ 10.09 25.21%	\$ 10.28 25.71%	\$ 10.20 26%	\$ 10.28 26%	\$ 10.50 26%	\$ 10.75 27%	\$ 10.98 27%
<b>Residential customers outside the city</b>										
Monthly flat fee and % of water consumption per 100 gallons	\$ 12.00 25%	\$ 12.00 25%	\$ 12.00 25%	\$ 12.10 25.21%	\$ 12.37 25.71%	\$ 12.24 26%	\$ 12.37 26%	\$ 12.60 26%	\$ 12.90 27%	\$ 13.18 27%
<b>Commercial customers inside the city</b>										
<b>Hotels/Motels</b>										
Monthly flat fee of \$10.75 based on number of rooms and % of water consumption per 100 gal.	444 Rooms 25%	444 Rooms 25%	444 Rooms 25%	513 Rooms 25.21%	513 Rooms 25.71%	513 Rooms 26%	517 Rooms 26%	517 Rooms 26%	517 Rooms 27%	- -
Monthly flat fee of \$10.98 based on number of rooms and % of water consumption per 100 gal.	-	-	-	-	-	-	-	-	-	517 Rooms 27%
<b>All other commercial customers inside the city</b>										
Monthly flat fee based on commercial business zone and										
Zone C-1 \$21.50	27	27	28	28	26	28	25	25	25	24
Zone C-2 \$26.88	35	36	35	36	37	37	34	37	36	36
Zone C-3 \$32.25	391	408	401	402	403	404	378	387	395	396
Zone C-4 \$37.62	41	43	43	42	43	40	37	41	37	37
Zone I-1 and I-2 \$42.99	31	32	33	33	32	35	35	32	32	32
27% of water consumption per 100 gallons (Month Avg. 33,007)	25%	25%	25%	25.21%	25.71%	26%	26%	26%	27%	27%
RIRZ	27	26	25	26	25	24	21	21	22	24
<b>Commercial customers outside the city</b>										
<b>Hotels/Motels</b>										
Monthly flat fee of \$12.34 based on number of rooms and % of water consumption per 100 gal.	None 25%	None 25%	None 25%	None 25.21%	None 25.71%	None 26%	None 26%	None 26%	None 27%	- -
Monthly flat fee of \$13.18 based on number of rooms and % of water consumption per 100 gal.	-	-	-	-	-	-	-	-	-	None 27%

(CONTINUED)

CITY OF DENHAM SPRINGS

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years  
(Unaudited)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>All other commercial customers outside the city</b>										
Monthly flat fee and % of water consumption per 100 gallons	Included w/ inside City									
<b>Sanitation Services</b>										
<b>Customers</b>	3,504	3,559	3,574	3,579	3,565	3,573	3,180	3,238	3,306	3,361
Inside - Residential	3,355	3,396	3,414	3,422	3,405	3,413	3,032	3,087	3,154	3,210
Inside - Commercial/Industrial	149	163	160	157	160	160	148	151	152	151
Sanitation Service Contracted Rates - Monthly per Customer										
Twice Weekly Pickup and Weekly Pickup of Recycling	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.34	\$ 18.20	\$ 18.20	\$ 18.20	\$ 19.12	\$ 19.30
<b>Rates (amount billed customers)</b>										
Inside - Residential	\$ 17.44	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.34	\$ 18.20	\$ 18.20	\$ 18.20	\$ 19.12	\$ 19.30
Inside - Commercial/Industrial	\$ 15.69	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.34	\$ 18.20	\$ 18.20	\$ 18.20	\$ 19.12	\$ 19.30
Inside - Senior Citizens	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00

Sources:

- Election Data - Livingston Parish Registrar of Voter's Office
- Court Cases - City Court of Denham Springs - Ward II
- Police Protection - City of Denham Springs Police Department
- Fire Protection - City of Denham Springs Fire Department
- Customer Counts and Rates - City of Denham Springs Utility Billing office

## CITY OF DENHAM SPRINGS

## CAPITAL ASSET STATISTICS BY FUNCTION

(Unaudited)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Government</b>										
<b>Buildings</b>										
Municipal (City Hall, Ward II Court and Ward II Marshall)	1	1	1	1	1	1	1	1	1	1
<b>Public Safety</b>										
<b>Police Protection</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles - Marked	36	32	31	32	32	30	32	37	35	34
Vehicles - Unmarked	7	11	10	10	10	7	6	8	10	10
Motorcycles - Marked	4	5	5	5	5	5	5	5	5	5
<b>Fire Protection</b>										
Administrative Office	1	1	1	1	1	1	1	-	-	-
Stations	3	3	3	3	3	3	3	3	3	3
Vehicles - Extinguishment	6	6	6	6	6	6	5	7	6	5
Vehicles - Emergency Medical	1	1	1	1	1	1	1	-	-	-
<b>Public Works</b>										
<b>Streets and Sidewalks</b>										
Miles of City:										
Primary streets (State and Federal)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Secondary streets (City)	45.3	45.3	45.3	45.3	45.3	45.3	45.3	45.3	45.3	45.3
Sidewalks	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bridges	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Buildings	2	2	2	2	2	2	2	3	1	1
Street Lights:										
Residential	652	652	652	652	652	613	613	613	613	613
Street and Highway	284	284	284	284	284	343	343	343	343	343
Security Light	2	2	2	2	2	11	11	11	11	11
Vehicles	17	17	17	19	19	19	20	21	21	22
<b>Natural Gas, Water and Sewer Services</b>										
Fire Hydrants	1,099	1,099	1,408	1,410	1,415	1,415	1,418	1,420	1,434	1,432
Miles of natural gas mains	180	180	180	180	189	189	191	191	191	193
Miles of water mains	N/A	N/A	148	148	150	150	150	150	153	153
Miles of sanitary sewer:										
City of Denham Springs	N/A	N/A	68	68	68	68	69	69	69	69
Denham Springs Sewerage District #1	N/A	N/A	38	38	38	38	39	40	43	43
Number of sewer pumping stations:										
City of Denham Springs	37	39	39	39	39	39	36	36	36	36
Denham Springs Sewerage District #1	30	43	43	43	44	44	48	49	52	52
Type of sewer treatment system	Mechanical 1 System	Mechanical 1 System	Mechanical 1 System	Mechanical System						
<b>Recreation and Culture</b>										
<b>Parks and Recreation</b>										
Acres	3	3	4	4	4	4	4	4	4	4
Developed Parks (Spring, Train Station, Willow & Old City Hall)	4	4	5	5	6	6	6	6	6	6
Buildings (Spring, Train Station, and Old City Hall)	3	3	4	4	4	4	4	4	4	4

## Sources:

Number of Street Lights - Entergy

Fire Hydrants and Miles of Water Mains - City of Denham Springs Water Department

Sewer Lines, Pumping Stations, and Type of Sewer Treatment System - City of Denham Springs Sewer Department

Miles of Gas Mains - City of Denham Springs Gas Department

All Other Information - City of Denham Springs Accounting and Administrative Departments

**CITY OF DENHAM SPRINGS, LOUISIANA**

**REPORTS AND SCHEDULES**

**JUNE 30, 2020**

**CITY OF DENHAM SPRINGS, LOUISIANA**

**TABLE OF CONTENTS**

	<u>Page</u>
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 <i>Government Auditing Standards</i>	1 - 2
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	3 - 5
Schedule of Expenditures of Federal Awards	6 - 7
Notes to Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9 - 10
Summary Schedule of Prior Year Findings	11

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*



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

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

The 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, 2020, 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 28, 2020. 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 schedules of the Capital Projects Fund and the Special Revenue Fund as of and for the year ended June 30, 2020. Our report includes a reference to another auditor who audited the financial statements of certain discretely presented component units, as described in our report on the City of Denham Springs, Louisiana's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by that auditor.

**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 Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

*Harris T. Bourgeois, LLP*

Denham Springs, Louisiana  
December 28, 2020

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

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

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

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Denham Springs’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Denham Springs’s (“the City”) major federal programs for the year ended June 30, 2020. The major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal Programs***

In our opinion, the City of Denham Springs complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

### **Report on Internal Control Over Compliance**

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

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

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

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. 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 schedules of the Capital Projects Fund and the Special Revenue Fund as of and for the year ended June 30, 2020. Our report also includes a reference to another auditor who audited the financial statements of certain

decretely presented component units, as described in our report on the City's financial statements. We issued our report thereon dated December 28, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

*Hannis T. Bourgeois, LLP*

Denham Springs, Louisiana  
December 28, 2020

**CITY OF DENHAM SPRINGS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

<u>Federal Grantor/ Pass - Through Grantor/ Program Name</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
<b><u>Federal Grants</u></b>			
<u>United States Department of Housing and Urban Development</u>			
Passed Through Louisiana Office of Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	N/A	\$ <u>709,990</u>
Total United States Department of Housing and Urban Development			709,990
<u>United States Department of Justice</u>			
Body Worn Camera Policy and Implementation	16.835	N/A	27,420
Passed Through Louisiana Highway Safety Commission:			
Bulletproof Vest Partnership	16.607	N/A	<u>1,958</u>
Total United States Department of Justice			29,378
<u>United States Department of Transportation</u>			
Passed Through Louisiana Department of Transportation and Development:			
Highway Planning and Construction [1]	20.205	N/A	232
Passed Through Louisiana Highway Safety Commission:			
National Priority Safety Programs [2]	20.616	N/A	<u>13,718</u>
Total United States Department of Transportation			13,950
<u>United States Department of Treasury</u>			
Passed Through Louisiana Office of Community Development:			
COVID-19 - CARES Act	21.019	N/A	<u>33,938</u>
Total United States Department of Treasury			33,938

(CONTINUED)

<u>Federal Grantor/ Pass - Through Grantor/ Program Name</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
<u>United States Department of Homeland Security</u>			
Passed Through Louisiana Governor's Office of Homeland Security and Emergency Preparedness:			
Disaster Grant - Public Assistance – Debris Removal	97.036	N/A	135,800
Disaster Grant - Public Assistance – Public Buildings and Contents	97.036	N/A	2,613,857
Disaster Grant - Public Assistance – Permanent Water Control Facilities	97.036	N/A	4,275
Disaster Grant - Public Assistance – Permanent Utility Repair Projects	97.036	N/A	550,853
Disaster Grant - Public Assistance – Emergency Protective Measures	97.036	N/A	<u>304,349</u>
Total United States Department of Homeland Security			<u>3,609,134</u>
Total Expenditures of Federal Awards			\$ <u><u>4,396,390</u></u>

[1] Highway Planning and Construction Cluster – Total \$232

[2] Highway Safety Cluster - Total \$13,718

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**CITY OF DENHAM SPRINGS**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2020**

**Note A - Significant Accounting Policies -**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Denham Springs and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

**Note B - Indirect Cost Rate Election -**

The City did not elect to use the 10% de minimis indirect cost rate during the year ended June 30, 2020.

**Note C – Sub-Receipts -**

The City did not pass thru any federal awards to any sub-recipients during the year ended June 30, 2020.

**CITY OF DENHAM SPRINGS**

SCHEDULE OF FINDINGS AND QUESTIONED COST

FOR THE YEAR ENDED JUNE 30, 2020

A. Summary of Auditor’s Results

As required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the following is a summary of the results of our audit:

Financial Statements

Type of auditor’s report issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ Yes     x     No
- Significant deficiencies identified? \_\_\_\_\_ Yes     x     None Reported
- Noncompliance material to financial statements \_\_\_\_\_ Yes     x     No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? \_\_\_\_\_ Yes     x     No
- Significant deficiencies identified? \_\_\_\_\_ Yes     x     None Reported

Type of auditor’s report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes     x     No

The following program was tested as a Type “B” major program:

Federal Grantor/ Pass - Through Grantor/ Program Name	CFDA Number
United States Department of Homeland Security Passed Through Louisiana Governor’s Office of Homeland Security and Preparedness: Disaster Grant – Public Assistance	97.036

- The threshold for distinguishing Types A and B programs was \$750,000.
- The City was determined to be a low-risk auditee.

**CITY OF DENHAM SPRINGS**

**SCHEDULE OF FINDINGS AND QUESTIONED COST (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2020

B. Findings - Internal Control Over Financial Reporting

None.

C. Findings - Compliance and Other Matters

None.

**CITY OF DENHAM SPRINGS**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

FOR THE YEAR ENDED JUNE 30, 2020

A. Findings - Internal Control Over Financial Reporting

None.

B. Findings - Compliance and Other Matters

None.