

**Comprehensive  
Annual Financial Report  
of the**

**CITY OF DENHAM SPRINGS**

**Denham Springs, Louisiana**

**For the Fiscal Year Ended  
June 30, 2006**

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

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

Release Date 1-31-07

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2006**

**TABLE OF CONTENTS**

|  | <u>EXHIBIT/<br/>SCHEDULE/<br/>TABLE</u> | <u>PAGE<br/>NUMBER</u> |
|--|---|------------------------|
| <b><u>INTRODUCTORY SECTION</u></b>   |   |                        |
| Table of Contents  |   | i                      |
| Letter of Transmittal  |   | iv                     |
| Principal Elected Officials  |   | x                      |
| Organizational Chart   |   | xi                     |
| Certificate of Achievement for Excellence<br>in Financial Reporting  |   | xii                    |
| <b><u>FINANCIAL SECTION</u></b>  |   |                        |
| Independent Auditor's Report   |   | 1 - 2                  |
| Management's Discussion and Analysis   |   | 3 - 19                 |
| Basic Financial Statements:  |   |                        |
| Government-Wide Financial Statements:  |   |                        |
| Statement of Net Assets  | Exhibit A-1                             | 21                     |
| Statement of Activities  | Exhibit A-2                             | 22 - 23                |
| Fund Financial Statements:   |   |                        |
| Governmental Funds:  |   |                        |
| Balance Sheet  | Exhibit B-1                             | 24                     |
| Reconciliation of the Governmental Funds Balance<br>Sheet to the Statement of Net Assets   | Exhibit B-2                             | 25                     |
| Statement of Revenues, Expenditures, and<br>Changes in Fund Balances   | Exhibit B-3                             | 26                     |
| Reconciliation of the Statement of Revenues,<br>Expenditures, and Changes in Fund Balances of<br>Governmental Funds to the Statement of Activities | Exhibit B-4                             | 27                     |
| Statement of Revenues, Expenditures and Changes<br>in Fund Balance - Budget (GAAP Basis) and Actual  | Exhibit B-5                             | 28 - 37                |

**CITY OF DENHAM SPRINGS  
DENHAM SPRINGS, LOUISIANA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2006**

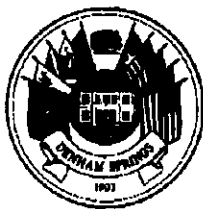
**TABLE OF CONTENTS (CONTINUED)**

|  | <u>EXHIBIT/<br/>SCHEDULE/<br/>TABLE</u> | <u>PAGE<br/>NUMBER</u> |
|--|---|------------------------|
| <b><u>FINANCIAL SECTION (CONTINUED)</u></b>  |   |                        |
| Proprietary Funds:   |   |                        |
| Statement of Net Assets  | Exhibit C-1                             | 38 - 39                |
| Statement of Revenues, Expenses, and Changes<br>in Net Assets  | Exhibit C-2                             | 40                     |
| Statement of Cash Flows  | Exhibit C-3                             | 41 - 42                |
| Notes to Financial Statements  |   | 43 - 76                |
| Combining and Individual Fund Statements and Schedules:  |   |                        |
| Nonmajor Governmental Funds:   |   |                        |
| Combining Balance Sheet  | Exhibit D-1                             | 78                     |
| Combining Statement of Revenues, Expenditures and<br>Changes in Fund Balances  | Exhibit D-2                             | 79                     |
| Schedule of Revenues, Expenditures, and Changes<br>in Fund Balance - Budget (GAAP Basis) and<br>Actual - Capital Projects Fund | Exhibit D-3                             | 80                     |
| Schedule of Revenues, Expenditures, and Changes<br>in Fund Balance - Budget (GAAP Basis) and<br>Actual - Special Revenue Fund  | Exhibit D-4                             | 81                     |
| Capital Assets Used in the Operation of Governmental Funds:  |   |                        |
| Capital Assets Used in the Operation of Governmental<br>Funds Schedule by Source   | Exhibit E-1                             | 82                     |
| Capital Assets Used in the Operation of Governmental<br>Funds Schedule by Function and Activity                                | Exhibit E-2                             | 83 - 84                |
| Capital Assets Used in the Operation of Governmental<br>Funds Schedule of Changes by Function and Activity                     | Exhibit E-3                             | 85                     |
| Schedule (Supplementary Information):  |   |                        |
| Schedule of Insurance Coverage in Force  | Schedule 1                              | 87 - 90                |

**CITY OF DENHAM SPRINGS  
DENHAM SPRINGS, LOUISIANA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2006**

**TABLE OF CONTENTS (CONTINUED)**

|   | <u>EXHIBIT/<br/>SCHEDULE/<br/>TABLE</u> | <u>PAGE<br/>NUMBER</u> |
|---|---|------------------------|
| <b><u>STATISTICAL SECTION (UNAUDITED)</u></b>                           |   |                        |
| Net Assets by Components  | Schedule 2                              | 92                     |
| Change in Net Assets  | Schedule 3                              | 93 - 94                |
| Fund Balances of Governmental Funds                                     | Schedule 4                              | 95 - 96                |
| Changes in Fund Balances of Governmental Funds                          | Schedule 5                              | 97 - 98                |
| General Government Tax Revenues by Source                               | Schedule 6                              | 99                     |
| Assessed and Estimated Actual Value of<br>Taxable Property              | Schedule 7                              | 100                    |
| Property Tax Rates and Tax Levies Direct and<br>Overlapping Governments | Schedule 8                              | 101 - 102              |
| Principal Property Taxpayers  | Schedule 9                              | 103                    |
| Property Tax Levies and Collections                                     | Schedule 10                             | 104                    |
| Ratios of Outstanding Debt by Type                                      | Schedule 11                             | 105 - 106              |
| Ratios of General Bonded Debt Outstanding                               | Schedule 12                             | 107                    |
| Computation of Direct and Overlapping Debt                              | Schedule 13                             | 108                    |
| Legal Debt Margin Information   | Schedule 14                             | 109 - 110              |
| Pledged Revenue Coverage  | Schedule 15                             | 111 - 112              |
| Demographics and Economic Statistics                                    | Schedule 16                             | 113 - 114              |
| Full Time Equivalent City of Denham Springs<br>Employees by Function    | Schedule 17                             | 115 - 116              |
| Operating Indicators by Function  | Schedule 18                             | 117 - 126              |
| Capital Asset Statistics by Function                                    | Schedule 19                             | 127 - 128              |



## *City of Denham Springs*

**MAYOR**  
JAMES E. DURBIN

**CITY CLERK**  
JOAN LEBLANC

**CITY TREASURER**  
CLARENCE E. SPEED, JR.

October 9, 2006

**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 for the fiscal year ended June 30, 2006.

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 of Denham Springs's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Denham Springs'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 of Denham Springs'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, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Denham Springs's financial statements for the fiscal year ended June 30, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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 the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Government and Non-Profit Organizations. Information related to this Single Audit including the Schedule of Expenditures of Federal Awards and the auditor's report on Internal Control over Financial Reporting and Compliance and other matters, 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 MD&A and should be read in conjunction with it. The City of Denham Springs's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

The City of Denham Springs, incorporated in 1903, is located on the western side of Livingston Parish and is adjacent to East Baton Rouge Parish, which contains the capital city of Baton Rouge and is a major industrial area. The City of Denham Springs currently occupies a land area of 6.12 square miles and serves a population of 10,217. 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, litter control, cemetery, general administrative services, planning and zoning, building inspection, main street program, health services, gas services, water services, sewer services, and recycling and solid waste disposal.

The annual budget serves as the foundation for the City of Denham Springs'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 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 of Denham Springs'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. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 28 - 37 as part of the financial statements of the governmental funds. The only other governmental funds with an annual appropriated budget is the Capital Projects Fund and Witness Fee Special Revenue Fund. These funds are considered nonmajor funds. The budget comparisons are presented on pages 80 and 81 as part of the financial statements of the governmental funds.

## **Factors Affecting Financial Condition**

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.

On August 28-29, 2005 the City was damaged by Hurricane Katrina and then received additional damage on September 23-24, 2005 by Hurricane Rita. The impact of Hurricane Katrina and Hurricane Rita initially caused short-term disruptions within the City due to numerous power outages. Damage was mostly to trees leaving several tons of debris along with closure of streets due to fallen trees, and with Hurricane Rita the concern of flooding. Approximately eight homes within the City's gas service area sustained damage requiring the gas meter to be cut-off until repairs were made by the homeowner. Immediately noticed was increased traffic within the City due to evacuees from the devastated parishes of Orleans, Jefferson, Plaquemine, St. Bernard, and St. Tammany. The West Livingston Recreation Facility within the City of Denham Springs was used as an official evacuee shelter. The City provided medical assistance and supplies, shelter security, and a generator to operate the portable air conditioning unit. Local churches and families provided temporary shelter. The City's cost for hurricane preparedness, emergency response, debris cleanup and assistance and services provided to the West Livingston Recreation Facility totaled \$482,951 for Hurricane Katrina and totaled \$169,807 for Hurricane Rita. The City received full reimbursements for these two hurricanes totaling \$652,758.

The City received significant increased sales tax revenue for the tax months of September and October 2005. This resulted from the City's quick recovery and ability to supply the demands of citizens in devastated parishes. The City's retailers were able to supply food, gasoline, hotel space, and hardware materials and generators. The City's sales tax collections have consistently average \$500,000 each tax month through September 2006 compared to the previous fiscal year average of \$426,800. The City foresees continued sales tax receipts averaging \$500,000 or greater. This is due to the increased displaced hurricane affected population that has invested in our surrounding communities.

In addition to the displaced hurricane affected population, the population in areas near Denham Springs continues to grow as residents relocate to Livingston Parish to enjoy 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. Retailers are following the population growth and are locating or expanding operations within the City of Denham Springs. Availability of commercial properties with city services including police and fire protection are major factors with retailers deciding to locate here.

Anticipated is the development of a new Bass Pro Shop. Conservatively, construction cost for this new retail center is between \$40-\$50 million dollars. Anticipated additional construction is a hotel and a "power strip mall".

The development of the 160,000 square foot Bass Pro Shop within the new city limits was made possible through annexation. The City and the United States Justice Department both gave final approval for the annexation of a tract of land on the north side and three tracts of land on the south side of the City. Accomplished was the City's goal of expanding commercial growth within the city, and in return providing commercial business fire and police protection plus the additional benefit of saving on their property insurance.

The region (which includes the City of Denham Springs and the surrounding unincorporated area within Livingston Parish) has an employed labor force of approximately 49,426. The City of Denham Springs' central business district continues to maintain its current 97-100 percent occupancy rate with a variety of stores, specialty shops, and commercial businesses.

**Long-term financial planning.** The City will continue to improve services and upgrade infrastructure. Projects planned for the future include:

- Construction of the projected \$9.2 million Range Avenue pairing project. This project is to be funded by the State of Louisiana.
- Construction of an I-12 interchange at Pete's Highway. This interchange project is to be funded by Federal and State appropriations.
- Extension of River Road to the traffic signal at Highway 1032 (4-H Club Road). The existing outlet for River Road is anticipated to be a dead end.
- Widening the intersection of Cockerham Road and Hatchell Lane to accommodate a turn lane and signal light synchronization.
- Widening the intersection of Hatchell Lane and Florida Boulevard to accommodate a turn lane and signal light synchronization.
- Widening the intersection of Pete's Highway and Florida Boulevard to accommodate a turn lane and signal light synchronization.
- Planning and funding sources continue to be studied for the upgrade of Cook Road from Range Avenue and an extension of Cook Road to Juban Road. This planned curb and gutter-street will provide access for the planned construction of a new high school. This will provide a link to the new interstate interchange and provide new commercial areas. This is within the area under consideration for annexation. This is a project expected to require a minimum of five years to complete.
- A new sewer pump station is being planned for the area bordered by Del Este and Range Avenue. The projected cost is \$300,000.
- Two sewer pump stations are being planned for Eastover/Cathryn Street. The projected cost is \$617,000. This project is to be funded by a 75% (\$463,000) U.S. Army Corps of Engineers grant. The City's 25% match is \$154,000.



- Replace an existing 18" gravity sewer trunk line between Pete's Hwy and Range Avenue. The projected cost is \$400,000.

**Cash management policies and practices.** The City of Denham Springs conservatively invested its idle funds in certificates of deposit through its current fiscal agent, Capital One, N.A. 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 maturities of the certificates of deposit range from 180 days to 365 days, with an average maturity of 180 days. The average yield on the certificates of deposit was 4.25% for the fiscal year ended June 30, 2006.

**Risk management.** During the fiscal year ended June 30, 2006 management believes the City is fully insured for all major risks, such as General Liability, Workmen'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, 2006.

Additional information on the City of Denham Springs's risk management activity can be found in Note 15 of the notes to the financial statements.

**Pension and other post employment benefits.** Substantially all employees of the City of Denham Springs are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana (MERS), Municipal Police Employees Retirement System of Louisiana (MPERS), or Firefighters Retirement System of Louisiana. These systems are multiple employer (cost-sharing), public employee retirement systems (PERS), controlled and administered by separate State appointed board of trustees. The City of Denham Springs has no obligation in connection with employee benefits offered through these plans beyond its annual contractual payment to these State Pension Boards.

Additional information on the City of Denham Springs's pension arrangements and post employment benefits can be found in Notes 11 and 12 in the notes to the financial statements.

#### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Denham Springs for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2005. This was the tenth consecutive year that the City of Denham Springs has received this prestigious award. In order to be awarded a Certificate of Achievement by GFOA, a governmental unit must publish an easily readable and efficiently organized CAFR. This report satisfied both accounting principles generally accepted (GAAP) in the United States of America, and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the Administrative Office Staff whose daily efforts result in the proper handling of the City's financial affairs and the successful completion of this report.

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

Respectfully submitted,

City of Denham Springs

*Clarence E. Speed, Jr.*

Clarence E. Speed, Jr.  
City Treasurer

**CITY OF DENHAM SPRINGS**  
**PRINCIPAL ELECTED OFFICIALS**

**JUNE 30, 2006**

**Mayor:**

**James E. Durbin**

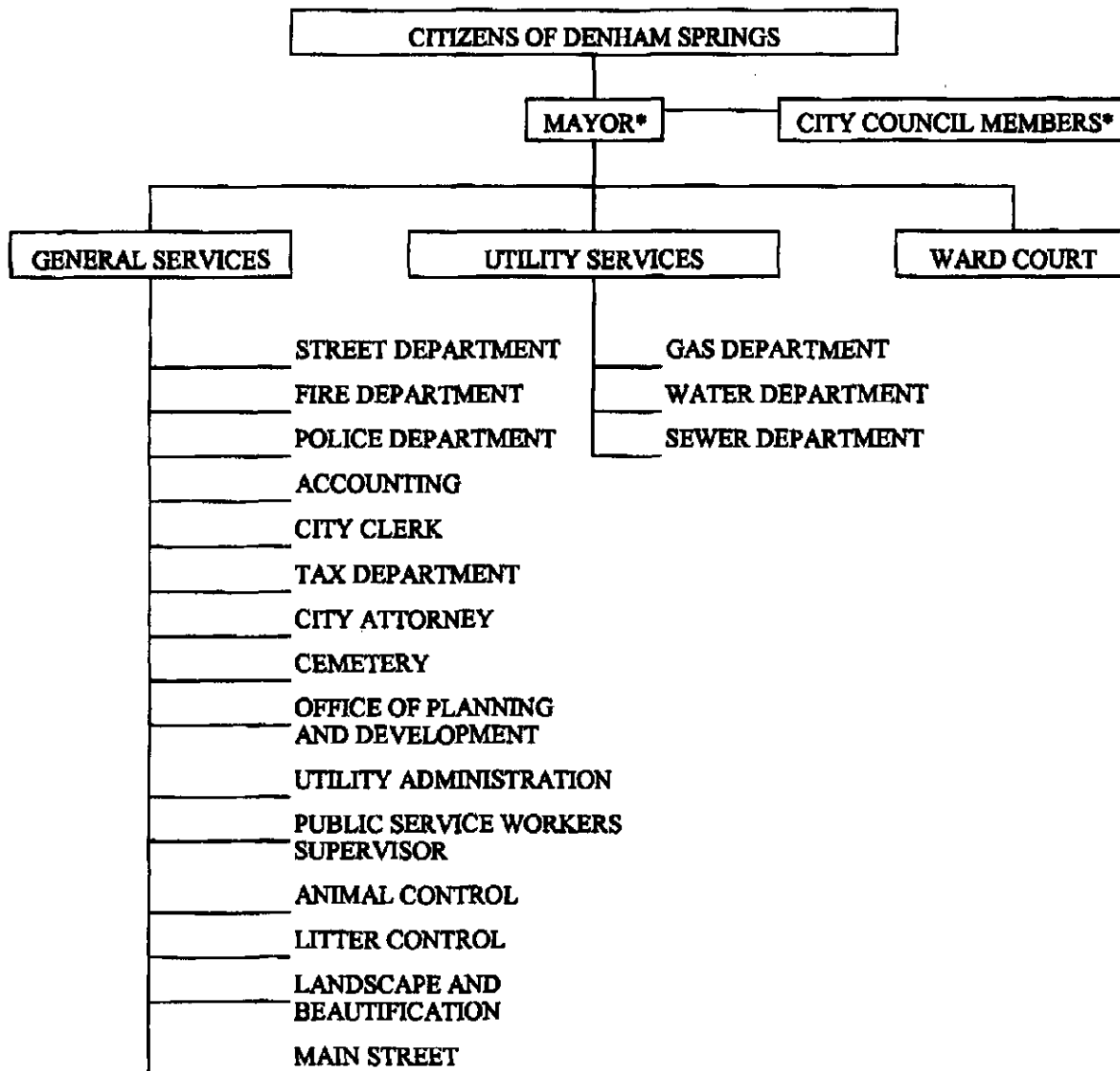
**City Council Members:**  
**Current Terms Expire December 31, 2006:**

**Lori Lamm-Williams**  
**Arthur Perkins**  
**George Meadors**  
**Robert Poole**  
**John Wascom**

**CITY OF DENHAM SPRINGS**

**ORGANIZATIONAL CHART**

**JUNE 30, 2006**



**\* ELECTED OFFICIALS**

# 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, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



**Hannis T. Bourgeois, LLP**

**Certified Public Accountants**

Randy J. Bonneau, CPA\*  
Joseph D. Richard, Jr., CPA\*  
Ronnie E. Stamper, CPA\*  
Fernand P. Genre, CPA\*  
Stephen M. Huggins, CPA\*  
Monica L. Zumo, CPA\*  
Ronald L. Gagnier, CPA\*  
Douglas J. Nelson, CPA\*  
Celeste D. Viator, CPA\*  
Laura E. Monroe, CPA\*  
R. David Wascom, CPA\*

\*A Professional Accounting Corporation

1175 Del Este Avenue, Suite B  
Denham Springs, LA 70726  
Phone: (225) 665-8297  
Fax: (225) 667-3813

*Members American Institute of  
Certified Public Accountants*

2322 Tremont Drive  
Baton Rouge, LA 70809

[www.htbcpa.com](http://www.htbcpa.com)

October 9, 2006

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, 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 and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental funds and internal service fund presented in the accompanying combining and individual fund financial statements and schedules as of and for the year ended June 30, 2006, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as well as the aggregate nonmajor governmental funds and the internal service fund type of the City of Denham Springs, Louisiana, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and internal service fund of the City of Denham Springs, Louisiana, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the capital projects fund and the special revenue witness fee fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated October 9, 2006, on our consideration of the City of Denham Springs' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 19 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City of Denham Springs, Louisiana's basic financial statements. The accompanying financial information listed in the Table of Contents as Supplementary Schedule (Schedule 1) is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Denham Springs, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and the financial information listed in the Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we express no opinion on them.

Respectfully submitted,

*Harold J. Bourgeois, CPA*

**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, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iv-ix of this report.

### **Financial Highlights**

- The assets of the City of Denham Springs exceeded liabilities at the close of the most recent fiscal year by \$26,536,786 (*net assets*). Of this amount, \$4,664,636 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets compared to prior year total net assets of \$25,078,321 increased by \$1,458,465.
- As of the close of the current fiscal year, the City of Denham Springs's governmental funds reported combined ending fund balances of \$5,096,646, an increase of \$1,436,262 in comparison with the prior year combined ending fund balances of \$3,660,384. Approximately eighty-nine percent of this total amount, \$4,538,865, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$3,983,508, or 50 percent of total general fund expenditures.
- The City of Denham Springs's total debt decreased by \$203,953 (27 percent) during the current fiscal year. The key factors in this net decrease was the decrease in normal debt service requirements of \$152,320, the decrease of Environmental Assessment Liabilities of \$10,363, the decrease of \$34,640 in capital lease financing for a street sweeping machine, and the net decrease of \$6,630 to the compensated absences balances.

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

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

**Government-wide financial statements.** The *government-wide financial statements* 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.

The *Statement of Net Assets* (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 assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 (e.g., uncollected taxes and earned but unused vacation leave).

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 gas and water distribution operation, a sewer disposal operation, and a contracted solid waste disposal operation. 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 a Louisiana nonprofit corporation, the Denham Springs Economic Development Corporation, to assist the City in the creation of economic development, to improve employment and to otherwise improve the economic condition of the City of Denham Springs and surrounding areas. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 21-23 of this report.

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

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

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

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

The City of Denham Springs adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 24-37 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 to account for its 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 of Denham Springs' various functions. The City of Denham Springs uses an internal service funds 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 fund consisting of the gas and water distribution operation, sewer disposal operation, and contracted solid waste disposal operation, which is considered to be a major fund 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 can be found on pages 38-42 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. The notes to the financial statements can be found on pages 43-76 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, the combining statement referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 78-81 of this report.

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

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Denham Springs, assets exceeded liabilities by \$26,536,786 at the close of the most recent fiscal year.

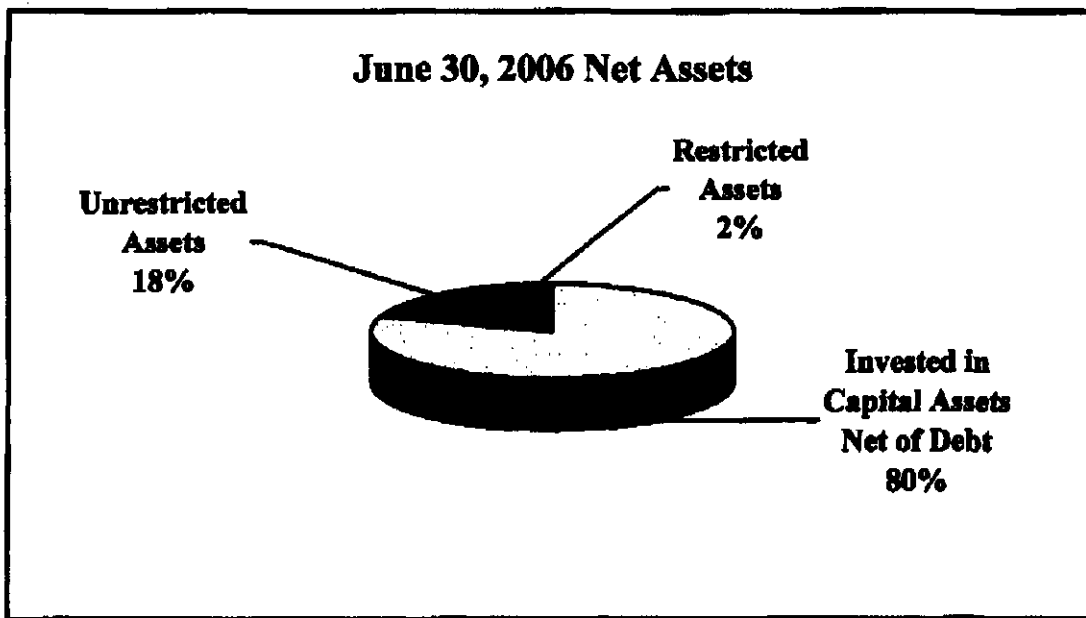
By far the largest portion of the City of Denham Springs's net assets (80 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment, less any related debt used to acquire those assets that is still outstanding. The City of Denham Springs uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Denham Springs's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects the Condensed Statement of Net Assets for June 30, 2006 with comparative figures from 2005.

City of Denham Springs  
Condensed Statement of Net Assets  
June 30, 2006 and 2005

|   | Governmental<br>Activities |                     | Business-Type<br>Activities |                      | Total                |                      |
|---|----------------------------|---------------------|-----------------------------|----------------------|----------------------|----------------------|
|   | 2006                       | 2005                | 2006                        | 2005                 | 2006                 | 2005                 |
| <b>Assets:</b>                            |                            |                     |                             |                      |                      |                      |
| Current and Other<br>Assets               | \$ 5,631,697               | \$ 4,148,556        | \$ 844,760                  | \$ 512,180           | \$ 6,476,457         | \$ 4,660,736         |
| Restricted Assets                         | -                          | -                   | 690,000                     | 630,000              | 690,000              | 630,000              |
| Capital Assets                            | <u>6,307,790</u>           | <u>6,604,429</u>    | <u>15,086,106</u>           | <u>15,283,819</u>    | <u>21,393,896</u>    | <u>21,888,248</u>    |
| Total Assets                              | 11,939,487                 | 10,752,985          | 16,620,866                  | 16,425,999           | 28,560,353           | 27,178,984           |
| <b>Liabilities:</b>                       |                            |                     |                             |                      |                      |                      |
| Current Liabilities                       | 406,900                    | 383,857             | 1,066,988                   | 963,174              | 1,473,888            | 1,347,031            |
| Long-Term Liabilities                     | <u>411,514</u>             | <u>461,241</u>      | <u>138,165</u>              | <u>292,391</u>       | <u>549,679</u>       | <u>753,632</u>       |
| Total Liabilities                         | 818,414                    | 845,098             | 1,205,153                   | 1,255,565            | 2,023,567            | 2,100,663            |
| <b>Net Assets:</b>                        |                            |                     |                             |                      |                      |                      |
| Invested in Capital<br>Assets Net of Debt | 6,228,263                  | 6,490,262           | 15,086,106                  | 15,123,675           | 21,314,369           | 21,613,937           |
| Restricted                                | 557,781                    | 536,679             | -                           | -                    | 557,781              | 536,679              |
| Unrestricted                              | <u>4,335,029</u>           | <u>2,880,946</u>    | <u>329,607</u>              | <u>46,759</u>        | <u>4,664,636</u>     | <u>2,927,705</u>     |
| Total Net Assets                          | \$ <u>11,121,073</u>       | \$ <u>9,907,887</u> | \$ <u>15,415,713</u>        | \$ <u>15,170,434</u> | \$ <u>26,536,786</u> | \$ <u>25,078,321</u> |

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



Approximately 80% (\$21,314,369) of the City's net assets at June 30, 2006, reflects the government's investment in capital assets (land, buildings, infrastructure, machinery and equipment) less any related debt to acquire those assets. The City uses these capital assets to provide services to the citizens of Denham Springs and, therefore, these assets are not available for future spending. An additional portion of the City of Denham Springs' net assets (2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$4,664,636) may be used to meet government's ongoing obligations to citizens and creditors

At the end of the current fiscal year, the City of Denham Springs is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Restricted net assets reported in connection with the City of Denham Springs' business-type activities remained the same as the prior year. The \$690,000 represents funds set aside to repay customers deposits (\$678,172) required prior to receiving services.

The City's net assets increased by \$1,458,465 during the current fiscal year as compared to 2005's decrease of \$401,999. This represents additional cash and additional unrestricted and restricted investments received from the collection of taxes, licenses and permits, fines and forfeits, interest, intergovernmental and miscellaneous revenue within the Governmental Activities funds and an increase in business-type activities inventories to provide gas and water services to new customers.

The condensed statement below provides a summary of the changes in net assets for the year ended June 30, 2006, with comparative figures from 2005.

|  | Governmental<br>Activities |                     | Business-Type<br>Activities |                      | Total                |                      |
|--|----------------------------|---------------------|-----------------------------|----------------------|----------------------|----------------------|
|  | 2006                       | 2005                | 2006                        | 2005                 | 2006                 | 2005                 |
| <b>Revenues:</b>   |                            |                     |                             |                      |                      |                      |
| <b>Program Revenues:</b>   |                            |                     |                             |                      |                      |                      |
| Charges for Services   | \$ 595,806                 | \$ 548,410          | \$ 6,940,905                | \$ 5,634,304         | \$ 7,536,711         | \$ 6,182,714         |
| Operating Grants and Contributions                                 | 794,018                    | 301,763             | 183,981                     | -                    | 977,999              | 301,763              |
| Capital Grants and Contributions                                   | 103,925                    | 295,044             | 83,576                      | 32,105               | 187,501              | 327,149              |
| <b>General Revenues:</b>   |                            |                     |                             |                      |                      |                      |
| Sales Taxes  | 6,271,458                  | 5,121,821           | -                           | -                    | 6,271,458            | 5,121,821            |
| Other Taxes  | 1,840,573                  | 1,620,577           | -                           | -                    | 1,840,573            | 1,620,577            |
| Other Grants and Contributions not Restricted to Specific Programs | 217,156                    | 192,417             | 81,479                      | 70,547               | 298,635              | 262,964              |
| Other  | 91,202                     | 47,348              | 59,403                      | 28,901               | 150,605              | 76,249               |
| Transfer from Component Unit                                       | -                          | 42,538              | -                           | -                    | -                    | 42,538               |
| Transfers  | (329,718)                  | (50,000)            | 329,718                     | 50,000               | -                    | -                    |
| <b>Total Revenues</b>  | <b>9,584,420</b>           | <b>8,119,918</b>    | <b>7,679,062</b>            | <b>5,815,857</b>     | <b>17,263,482</b>    | <b>13,935,775</b>    |
| <b>Expenses:</b>   |                            |                     |                             |                      |                      |                      |
| General Government   | 1,665,220                  | 1,633,653           | -                           | -                    | 1,665,220            | 1,633,653            |
| Public Safety  | 5,132,885                  | 4,647,126           | -                           | -                    | 5,132,885            | 4,647,126            |
| Highways and Streets   | 1,479,561                  | 1,605,126           | -                           | -                    | 1,479,561            | 1,605,126            |
| Health   | 83,613                     | 79,185              | -                           | -                    | 83,613               | 79,185               |
| Culture and Recreation   | 6,364                      | 16,129              | -                           | -                    | 6,364                | 16,129               |
| Interest on Long-Term Debt   | 3,591                      | 4,831               | -                           | -                    | 3,591                | 4,831                |
| Gas  | -                          | -                   | 4,094,315                   | 3,115,223            | 4,094,315            | 3,115,223            |
| Water  | -                          | -                   | 1,227,451                   | 1,135,918            | 1,227,451            | 1,135,918            |
| Sewer  | -                          | -                   | 1,421,191                   | 1,457,006            | 1,421,191            | 1,457,006            |
| Sanitation   | -                          | -                   | 690,826                     | 643,577              | 690,826              | 643,577              |
| <b>Total Expenses</b>  | <b>8,371,234</b>           | <b>7,986,050</b>    | <b>7,433,783</b>            | <b>6,351,724</b>     | <b>15,805,017</b>    | <b>14,337,774</b>    |
| <b>Increase (Decrease) in Net Assets</b>                           | <b>1,213,186</b>           | <b>133,868</b>      | <b>245,279</b>              | <b>(535,867)</b>     | <b>1,458,465</b>     | <b>(401,999)</b>     |
| <b>Net Assets - Beginning of Year</b>                              | <b>9,907,887</b>           | <b>9,774,019</b>    | <b>15,170,434</b>           | <b>15,706,301</b>    | <b>25,078,321</b>    | <b>25,480,320</b>    |
| <b>Net Assets - End of Year</b>                                    | <b>\$ 11,121,073</b>       | <b>\$ 9,907,887</b> | <b>\$ 15,415,713</b>        | <b>\$ 15,170,434</b> | <b>\$ 26,536,786</b> | <b>\$ 25,078,321</b> |

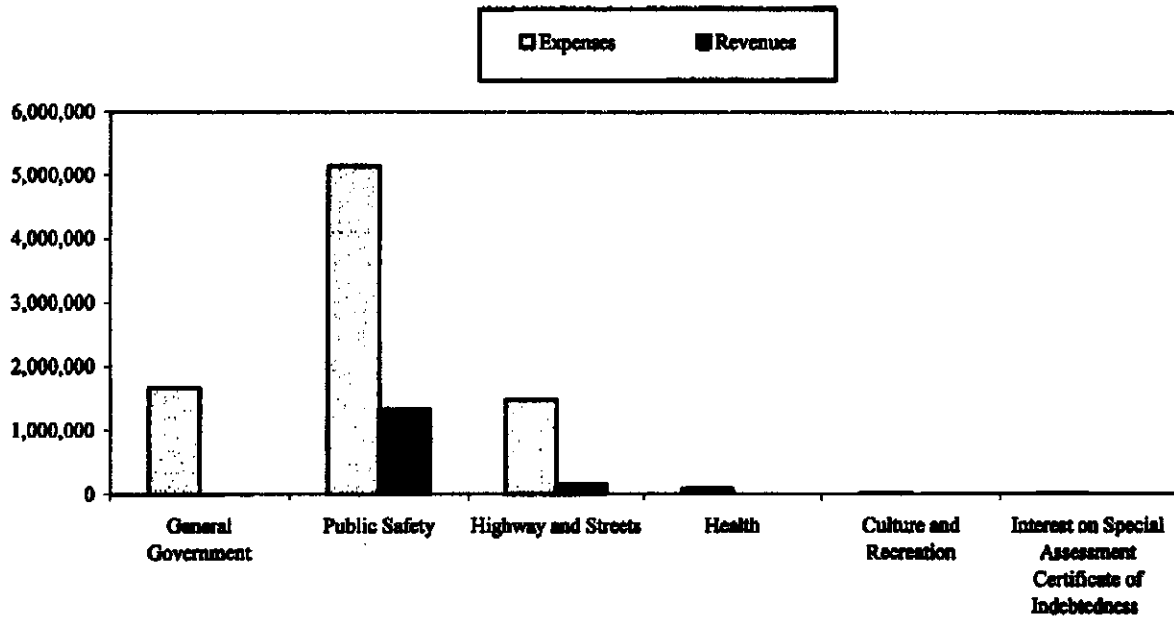
**Governmental activities.** Governmental activities increased the City of Denham Springs's net assets by \$1,213,186, thereby accounting for 83 percent of the total increase in the net assets of the City of Denham Springs. Key elements of this increase are documented below.

Total revenues from Governmental Activities increased by \$1,464,502 over the prior year.

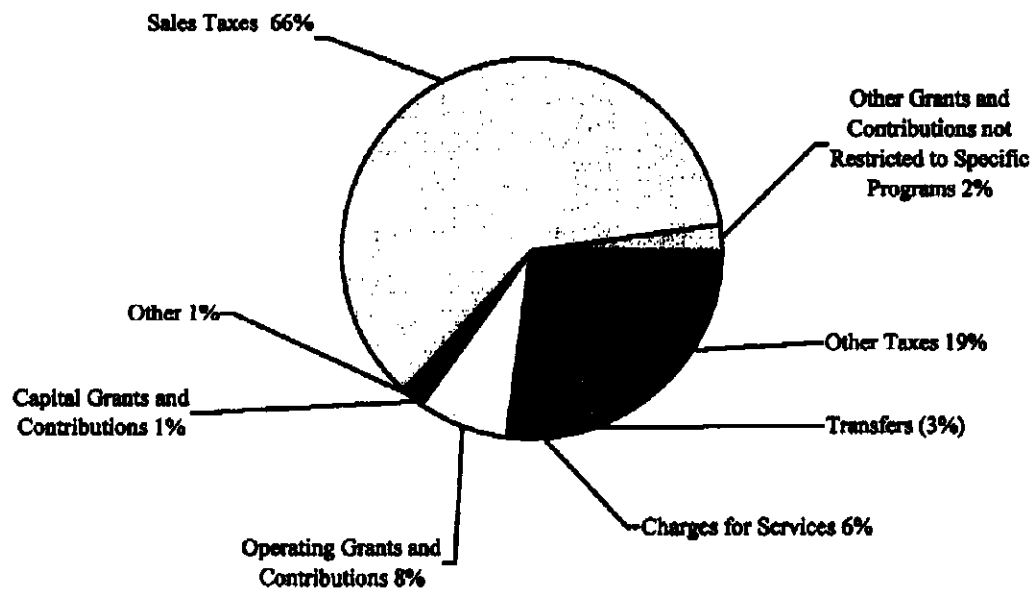
- Sales taxes increased by \$1,149,637 (22.5 percent) during the year. Most of this increase is attributable to local citizens rebounding from two major hurricanes, evacuees, and displaced residents plus the continued population growth of surrounding areas outside Denham Springs and the various new restaurants and discount retail sales stores opening within Denham Springs.

- Ad Valorem taxes (property taxes) decreased by (\$1,135) as a result of City Council action reducing the millage rate from 3 mills to 2.92 mills. The City Council stated that this action was taken to stabilize citizen and business property tax bills.
- Charges for services increased by \$47,396 during the year. This increase is mainly attributable to increased fine revenue \$29,859, along with increases in background check fees \$4,925, wreck reports \$4,205, witness fees \$9,276 offset by a decrease in animal adoption revenue (\$869).
- Operating grants and contributions increased \$492,255 during the year. This increase was attributable to an animal control grant for expansion of animal shelter to accommodate animals displaced by Hurricane Katrina \$5,000, FEMA Hurricane Disaster Grants reimbursing for emergency preparation and debris cleanup from Hurricane Katrina and Hurricane Rita \$461,732, Fire Department equipment grants \$37,184, law enforcement equipment and overtime grants \$24,590 and on behalf payments for salaries \$140 offset by decreases in a litter abatement grant (\$7,502), Main Street grants (\$4,935), and a street mapping grant (\$23,954).
- Capital Grants and Contributions decreased by (\$191,119). This decrease was because of completion of most of the Range Road Corridor Project right-of-way acquisitions in the prior fiscal year as compared to the grubbing and clearing contract let in this fiscal year.
- Interest income increased during the current fiscal year by \$43,854. This increase was caused entirely by the increase in interest rates by the Federal Open Market Committee. This committee sets the Federal Reserve policy for the overnight bank lending rate, which raises the rate earned on invested funds.
- Occupational license and permits increased by \$49,022. This increase is attributable to continued commercial growth and strong economic community support.
- Franchise fees increased by \$172,109. This increase is mostly attributable to Entergy Corporation and DEMCO passing higher fuel cost to their customers within the City through their electric bills \$168,123 and increased cable franchise fees of \$4,001 offset by slight decrease in wrecker franchise fees (\$15).
- Other Grants and Contributions not Restricted by Specific Programs increased by \$24,739. This net revenue increase resulted from an increase in the Alcoholic Beverage tax \$2,285, Fire Insurance Commissions \$6,226, Royalties from the D. Buckell #2 oil well \$25,847 offset by a decrease in the collection of Chain Store taxes (\$1,407), Insurance Premium Rebate received from Louisiana Workers Compensation Corporation (\$6,413), and miscellaneous other revenues (\$1,799).
- Transfers from Component Units decreased (\$42,538). This decrease is a prior fiscal year one-time transfer of witness fee funds collected by the Ward II Court. The transfer of responsibility for paying witness fees was transferred to the City of Denham Springs in accordance with Louisiana Act 582.
- Transfers Out increased (\$279,718). This increase was caused by a \$329,718 transfer to the Utility Enterprise Fund to subsidize the sewer department.

### Expenses and Program Revenues - Governmental Activities



### Revenues by Source - Governmental Activities





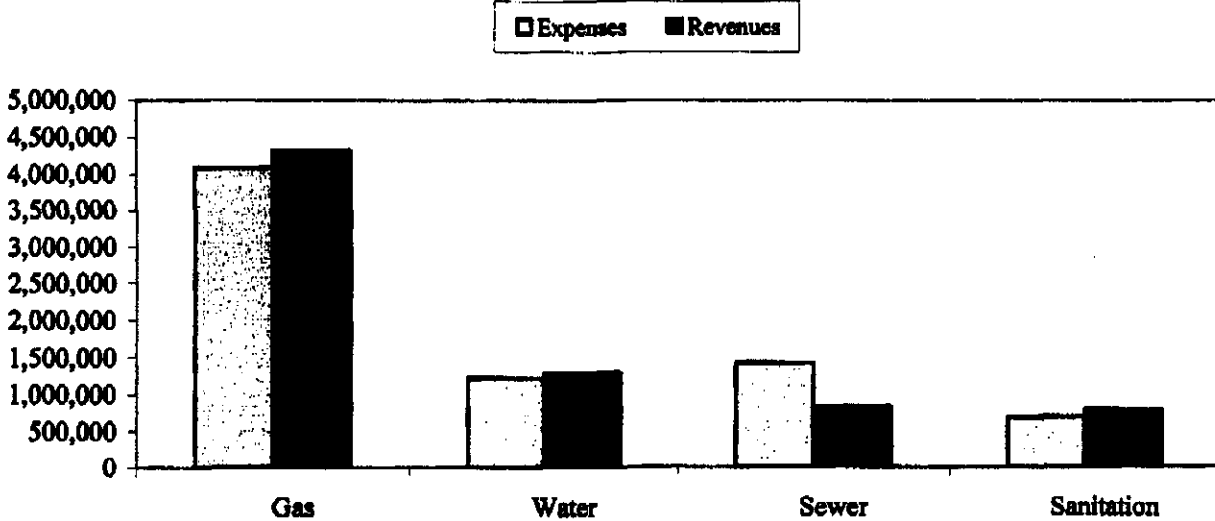
**Total expenses from Governmental Activities increased by \$385,184.**

- **Total salaries charged to governmental activities increased from \$3,690,023 to \$4,081,523 or an increase of \$391,500.** This increase resulted mainly from a one time payment of \$195,000 settling a lawsuit filed by the City of Denham Springs' firefighters and increased overtime cost resulting from emergency preparation and debris cleanup from two major hurricanes.
- **Related payroll taxes and employee benefits charged to government activities decreased from \$1,209,520 to \$1,114,497 or (\$95,023).** This reduction is directly attributable to reduced retirement contribution rates for firefighters and police employees.
- **General Government and Public Safety activities other than salaries and benefits increased \$316,586.** This is mainly attributable to an increase in legal services and its associated fee cost, collection cost associated with rising sales tax revenue, workers comp insurance premiums associated with increased overtime cost, increased equipment purchases associated with federal grants, and an increase in fuel and electricity cost associated with a significant rise in petroleum on the spot market.
- **Highways and Streets activities decreased (\$125,565).** This decrease is mainly attributable to the Range Road Corridor Project. With completion of the acquisition of the necessary right-of-way in the prior fiscal year the next phase started was the clearing and grubbing contract. This cost was significantly lower for this phase.
- **Health activities increased \$4,505.** This increase is attributable to the cost of funding garbage collection at the Denham Springs Housing Authority units located at Eugene Street.
- **Culture and Recreation activities decreased (\$9,765).** This decrease is mainly from a prior year grant funding a master action plan for downtown Denham Springs.
- **Interest on Long-Term Debt decreased (\$1,240).** This is the third year of debt payments for a street sweeping machine.
- **Payments to Component Units increased \$2,357.** This increase is attributable to additional court cost resulting from an increase in tickets issued and fine revenue received.
- **For the most part, the remainder of the governmental activities expenses remained at prior year levels.**

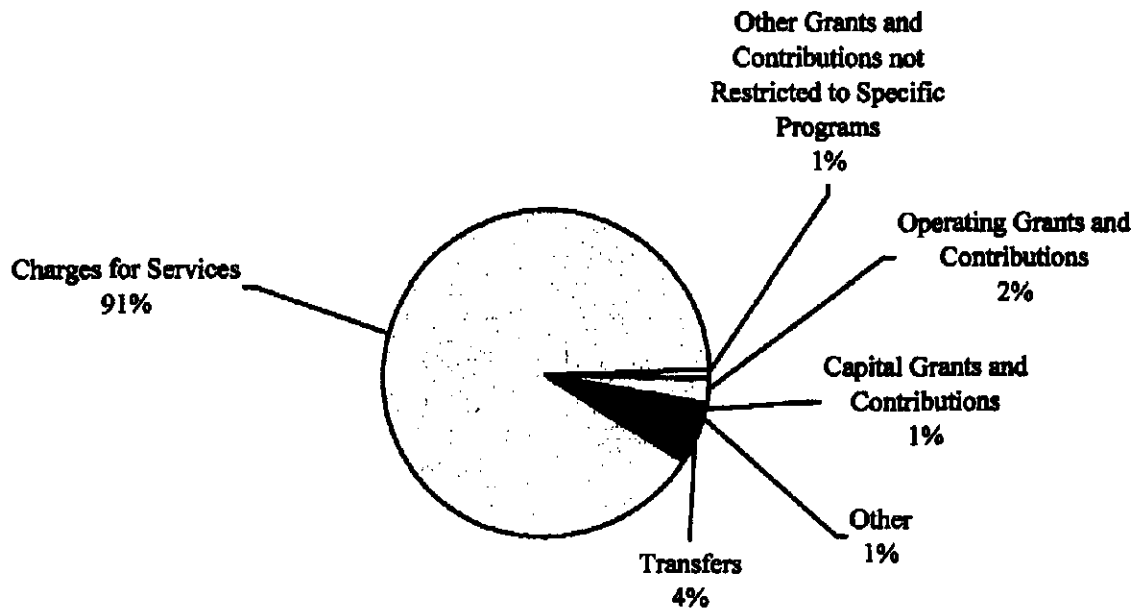
**Business-type activities.** Business-type activities increased the City of Denham Springs's net assets by \$245,279 accounting for 16.8 percent of the total increase in the government's net assets as compared to a prior fiscal year change in net assets of (\$535,867). This amounts to a \$781,146 turnaround in business-type activities net assets over two fiscal years. Key elements are as follows.

- **Operating loss of (\$292,425) from business-type activities decreased by \$390,272 from the prior year.** Attributable to this decrease is increased rates on fees charged commercial water and sewer customers plus a 7 cent per CCF gas rate increase and stabilization in operating cost except for the market increase in the price of natural gas and electricity cost and an increase use of contractual services. In addition the City received \$183,981 in FEMA Hurricane Disaster grant monies reimbursing for emergency preparation, material and equipment cost and debris cleanup within the city.
- **Non-operating revenue increased by \$41,434.** This increase was mainly caused by an increase in interest rates by the Federal Open Market Committee and a \$10,500 Homeland Security grant for fencing installed around a water tower.
- **Non-operating expenses decreased \$18,251.** This decrease was attributable to this being the final fiscal year for payment of bond interest and amortization of bond costs.
- **Capital contributions increased \$51,471.** This increase was attributable to sewer impact fees and a \$30,000 contribution toward the construction cost of the Springwood lift station.
- **Transfers increased \$279,718.** This increase was a \$329,718 transfer from the general fund to subsidize utility expenses within the sewer department.

### Expenses and Program Revenues - Business Type Activities



### Revenues by Source - Business Type Activities



### Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Denham Springs's governmental funds reported combined ending fund balances of \$5,096,646, an increase of \$1,436,262 in comparison with the prior year. Approximately 89% of this total amount (\$4,538,865) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to generate income to pay for the perpetual care of the municipal cemetery (\$557,781).

The general fund is the chief operating fund of the City of Denham Springs. At the end of the current fiscal year, total fund balance of the general fund of \$3,983,508 was unreserved. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Total fund balance and unreserved fund balance represents 50 percent of total general fund expenditures.

During the current fiscal year, the fund balance of the City of Denham Springs' general fund increased by \$1,461,208. Key factors in this increase are as follows:

- Continued economic growth within the City and increased growth of surrounding residential population has benefited the City of Denham Springs collection of the following tax, license and permit revenues.

|                              |                     |
|------------------------------|---------------------|
| Sales Tax                    | \$ 1,149,637        |
| Cable Franchise Tax          | 4,001               |
| Electrical Franchise Tax     | 168,123             |
| Occupational License         | 60,816              |
| Other Permits and Licenses   | <u>(12,066)</u>     |
| Total Additional Collections | \$ <u>1,370,511</u> |

- With increased population growth within and surrounding the City is the additional enforcement of City traffic laws. Correspondingly, traffic fine revenue along with DWI enforcement has increased fine collections by \$29,859.
- The majority of the expenditures increase was due to the City's response to two major hurricanes and the settlement of a lawsuit with its firefighters.

- Of concern is the related retirement benefit enjoyed by City employees. The City continues to monitor the State administered retirement system employer rates. For this fiscal period the municipal employees rate stayed the same while Police and Fire rates did decrease as follows:

|   | <u>Prior<br/>Employer<br/>Rate</u> | <u>Current<br/>Employer<br/>Rate</u> | <u>Rate<br/>Increase</u> |
|---|------------------------------------|--------------------------------------|--------------------------|
| Municipal Employees Retirement System of Louisiana        | 9.50%                              | 9.75%                                | 0.25%                    |
| Municipal Police Employees Retirement System of Louisiana | 21.50%                             | 16.25%                               | (5.25%)                  |
| Firefighters Retirement System of Louisiana               | *24.00%                            | 18.00%                               | (6.00%)                  |

\*July 2004 through January 2005 the rate was 21.00%. February 2005 through June 2005 the rate was increased to 24.00%.

Overall retirement cost decreased (\$102,902) as of the fiscal year ended June 30, 2006. The net decreases breakdown as follows:

|   | <u>FY<br/>04-05</u> | <u>FY<br/>05-06</u> | <u>Net<br/>Increase<br/>(Decrease)</u> |
|---|---------------------|---------------------|--|
| Municipal Employees Retirement System of Louisiana        | \$210,507           | \$218,760           | \$ 8,253                               |
| Municipal Police Employees Retirement System of Louisiana | 230,389             | 172,269             | (58,120)                               |
| Firefighters Retirement System Of Louisiana               | <u>191,234</u>      | <u>138,199</u>      | <u>(53,035)</u>                        |
| Total   | <u>\$632,130</u>    | <u>\$529,228</u>    | <u>\$ (102,902)</u>                    |

- Equipment purchases in the general fund increased by \$88,636. Significant to this increase was the purchase of equipment for the police departments reimbursed by federal grants and the receipt of equipment by both the fire and police departments purchased with Homeland Security grant monies by the Livingston Parish Office of Emergency Preparedness (OEP).
- Transfers In to the General Fund decreased (\$42,538). This decrease was a prior fiscal year transfer of control over the witness fee fund from Ward II Court to the City of Denham Springs in accordance with Louisiana Act 582.
- Transfers to the Enterprise Fund increased \$279,718. The City Council utilized revenue receipts from a ½ cent sales tax originally dedicated to fund construction cost on the current wastewater treatment system and then once paid the sales tax became available for any general purpose.

The debt service fund has a total unreserved fund balance of \$3,148, compared to a prior year unreserved fund balance of \$3,114. The increase is interest earned of \$34.

**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.

Unrestricted net assets of the enterprise fund at the end of the year amounted to \$329,607.

The total increase in net assets for the enterprise fund is \$245,279. Other factors concerning the enterprise fund have already been addressed in the discussion of the City of Denham Springs' business-type activities.

### **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 budgeted revenues were increased by \$1,448,393 over the original budget. Larger areas of change were as follows:

- Sales tax revenues were increased by \$712,625 due to original conservative projections.
- Electrical franchise tax revenue was increased by \$88,500 based on current collections and continued higher customer electric bills due to increased fuel cost.
- Occupational license fee revenue was increased by \$30,292.
- Other permits and license fee revenue was decreased (\$18,870). This was based on delay of a major project and a reduction in the number of bars operating within the City.
- Interest income revenue was increased \$10,925. This increase was based on the increase in interest rates approved by the Federal Open Market Committee.
- Background check fees are a source of revenue the City has been receiving for approximately four years. This is an increase of \$20,800 due to the original conservative projections.
- FEMA Disaster grant revenue was increased \$461,732 for reimbursement of expenses incurred in response and recovery from Hurricane Katrina and Hurricane Rita.
- Fire grant revenue was increased \$53,900 based on a Homeland Security grant received in the form of equipment.
- EPA GIS street mapping grant awarded increased revenues \$29,879. This is a 55% Federal/45% local matching grant.
- Other grant revenue decreased (\$7,500). Originally budgeted for unspecified grant applications.
- One-time increase for an insurance dividend to be received from the City's worker comp insurance provider, LWCC, has been announced. Anticipate revenue based on last fiscal year to be \$24,426.
- Royalty income revenue was increased \$27,000 due to increased price of a barrel of oil on the open market.
- Miscellaneous revenue was increased \$8,323. This increase was based on a lease agreement with Lamar Advertising (\$8,273) and collection of fees for fire incident reports (\$50).

## Expenditures:

Total budgeted appropriations were increased by \$1,279,292. Of significance are amended budget appropriations increasing salaries and benefits by \$600,014 for settlement of firefighters' lawsuit and overtime cost in response to and recovery from Hurricane Katrina and Hurricane Rita, increasing material purchase cost by \$51,158 for recovery from Hurricane Katrina and Hurricane Rita. Other increases include building utility expenses by \$91,195, police and Council on Aging building maintenance expense by \$17,000, attorney fees by \$276,755, professional fees reimbursed by grants \$55,861, fuel cost by \$32,800, vehicle maintenance cost by \$63,000, electricity cost for street lights by \$15,000, bank service charges by \$2,523, police communication expense by \$10,000, equipment purchases by \$83,750, and increasing collection cost by \$23,689 for insurance tax collected by LMATS, sales tax collected by Livingston Parish School Board, and property tax collected by the Livingston Parish Sheriff offset by decreasing contingency expense by (\$50,000).

## 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, 2006, amounts to \$21,393,896 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, roads, highways, and drainage. The total decrease in the City of Denham Springs' investment in capital assets for the current fiscal year was 2.26% (a 1.36 percent decrease for governmental activities and a 0.9 percent decrease for business-type activities).

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

- Jason Drive drainage project – phase I – was completed at a total cost of \$42,059.
- Interoperable communication equipment received by the Fire Department to communicate with other parish agencies at a total cost of \$34,108. This was funded by a Homeland Security grant.
- Purchased (2) 2005 white Dodge Durango vehicles and (1) 2006 white Chevrolet 4DR Trailblazer for Police Department at a total cost of \$61,260.
- Purchased (6) complete digital in-car video systems located inside a rearview mirror at a total cost of \$24,060. This was funded by a state and a federal grant.
- Commenced and completed construction of Amite Rive natural gas line relocation project at a total cost of \$197,582.
- Completed natural gas expansion lines south on Hwy 16 to new subdivision developments at a total cost of \$70,914.
- Completed the Citiplace lift station at a total cost of \$14,381.
- Commenced construction of the Springwood lift station spending \$28,463 as of the fiscal year ended June 30, 2006. Total anticipated cost to complete this project is \$60,000. A \$30,000 contribution was received toward the cost of this lift station.
- Commenced the preliminary engineering for the Hatchell Lane utility line relocation project spending \$19,213 as of the fiscal year ended June 30, 2006.
- Purchased for the Gas Department a 30KW diesel generator at a total cost of \$6,500.
- Purchased for the Water Department a CAT 250KW diesel generator at a total cost of \$15,000.
- Purchased for the Sewer Department a Honda 4500 watt/9hp generator, a 15KW generator, a 10KW generator, a 60KW diesel generator at a total cost of \$18,807.

- Purchased for the Gas Department a 2006 Ford Extended Cab F450 pickup truck at a total cost of \$36,920.
- Installed a fence around the Brignac Water Tower at a total cost of \$10,500. This was funded by a Homeland Security grant.

Capital Assets  
(Net of Accumulated Depreciation)  
June 30, 2006 and 2005

|                            | Governmental<br>Activities |                     | Business-Type<br>Activities |                      | Total                |                      |
|----------------------------|----------------------------|---------------------|-----------------------------|----------------------|----------------------|----------------------|
|                            | 2006                       | 2005                | 2006                        | 2005                 | 2006                 | 2005                 |
| Land                       | \$ 628,671                 | \$ 628,671          | \$ 159,575                  | \$ 159,575           | \$ 788,246           | \$ 788,246           |
| Buildings and Improvements | 2,164,892                  | 2,269,699           | 399,229                     | 395,343              | 2,564,121            | 2,665,042            |
| Gas System                 | -                          | -                   | 1,409,750                   | 1,213,873            | 1,409,750            | 1,213,873            |
| Water System               | -                          | -                   | 2,802,935                   | 2,965,312            | 2,802,935            | 2,965,312            |
| Sewer System               | -                          | -                   | 9,897,798                   | 10,164,679           | 9,897,798            | 10,164,679           |
| Machinery and Equipment    | 1,168,087                  | 1,264,969           | 335,785                     | 351,678              | 1,503,872            | 1,616,647            |
| Infrastructure             | 2,198,063                  | 2,343,699           | -                           | -                    | 2,198,063            | 2,343,699            |
| Construction in Progress   | 148,077                    | 97,391              | 81,034                      | 33,359               | 229,111              | 130,750              |
| Total                      | <u>\$ 6,307,790</u>        | <u>\$ 6,604,429</u> | <u>\$ 15,086,106</u>        | <u>\$ 15,283,819</u> | <u>\$ 21,393,896</u> | <u>\$ 21,888,248</u> |

Additional information on the City of Denham Springs' capital assets can be found in note 8 on pages 61-65 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Denham Springs had total debt outstanding of \$79,527. This comprises debt backed by the full faith and credit of the City. There are no general obligation bonds outstanding by the City of Denham Springs at June 30, 2006.

City of Denham Springs  
General Obligation and Revenue Bonds  
June 30, 2006 and 2005

|                  | Governmental<br>Activities |                   | Business-Type<br>Activities |                   | Total            |                   |
|------------------|----------------------------|-------------------|-----------------------------|-------------------|------------------|-------------------|
|                  | 2006                       | 2005              | 2006                        | 2005              | 2006             | 2005              |
| Obligation Under |                            |                   |                             |                   |                  |                   |
| Capital Lease    | \$ 79,527                  | \$ 114,167        | \$ -                        | \$ -              | \$ 79,527        | \$ 114,167        |
| Revenue Bond     | -                          | -                 | -                           | 160,144           | -                | 160,144           |
| Total            | <u>\$ 79,527</u>           | <u>\$ 114,167</u> | <u>\$ -</u>                 | <u>\$ 160,144</u> | <u>\$ 79,527</u> | <u>\$ 274,311</u> |

During the current fiscal year, the City of Denham Springs' total debt decreased by \$194,784 (71 percent). This resulted because regular debt payments in the amount of \$194,784 were timely paid. No new debt has been issued during the fiscal year ended June 30, 2006.

Additional information on the City's long-term debt can be found in note 9 on pages 65-67

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

- The June 2006 unemployment rate for the City of Denham Springs was 4.9 percent, which is a decrease from a rate of 6.1 percent a year ago. This compares favorably to the state's average unemployment rate of 5.8 percent but compares unfavorably to the national average rate of 4.8 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 2007 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased to \$3,983,508. The City adopted a 2007 fiscal year budget anticipating revenues exceeding appropriated expenditures by \$832,499. In addition, expected revenues amount to \$8,559,985 while budgeted expenditures are expected to be \$7,727,486. The City is transferring \$304,568 to the Utility Fund to subsidize anticipated utility expenses within the sewer department. Net of the above transfer, the City is conservatively funding public services within the confines of its revenue growth.

The City of Denham Springs' general fund receives approximately 64% of its revenues from the 1-½% general sales and use tax levied by the City of Denham Springs. Considering the revenue impact resulting from two major hurricanes and the displacement of evacuees that contributed to the record sales tax revenue of \$6,271,458 in fiscal year 2006, the City has conservatively budgeted \$5,820,000 for sales tax revenues for the 2007 fiscal year. This is a 7.2% decrease over actual revenues received for the current fiscal year.

Fiscal year 2007 appropriated expenditures including payments to component units but excluding the anticipated \$304,568 transfer to the Utility Fund decreased (\$140,502) or 1.8% over actual expenditures for the current fiscal year. Of significance is the reduction in firefighters' retirement expense (\$70,971) and police retirement expense (\$63,721). The Firefighters Retirement System announced it is reducing its rates by 2.5% from 18% to 15.5% effective July 1, 2006 and the Municipal Police Employee Retirement System announced it is reducing its rates .75% from 16.25% to 15.5% effective July 1, 2006. All other department increases and decreases are anticipated to result in a net decrease in appropriated expenditures of (\$5,810).

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



## **BASIC FINANCIAL STATEMENTS**

**CITY OF DENHAM SPRINGS**  
**STATEMENT OF NET ASSETS**

JUNE 30, 2006

|   | 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 Corporation |
| <b>ASSETS</b>                                     |                         |                          |                      |  |   |   |
| Cash and Cash Equivalents                         | \$ 945,108              | \$ -                     | \$ 945,108           | \$ 309,279                             | \$ 65,473   | \$ -  |
| Investments                                       | 2,999,738               | -                        | 2,999,738            | 195,000                                | 63,343  | -   |
| Receivables, Net                                  | 215,926                 | 716,857                  | 932,783              | 2,444                                  | 956   | -   |
| Due from Other Governments                        | 1,140,410               | -                        | 1,140,410            | -                                      | 6,113   | -   |
| Due from Component Unit                           | 2,896                   | -                        | 2,896                | -                                      | -   | -   |
| Internal Balances                                 | 307,422                 | (307,422)                | -                    | -                                      | -   | -   |
| Inventories                                       | 20,197                  | 274,482                  | 294,679              | -                                      | -   | -   |
| Prepaid Items                                     | -                       | 160,843                  | 160,843              | -                                      | -   | -   |
| Restricted Assets:                                |                         |                          |                      |  |   |   |
| Investments                                       | -                       | 690,000                  | 690,000              | -                                      | -   | -   |
| Capital Assets:                                   |                         |                          |                      |  |   |   |
| Land and Construction in Progress                 | 776,748                 | 240,609                  | 1,017,357            | -                                      | -   | -   |
| Other Capital Assets, Net of Depreciation         | 5,531,042               | 14,845,497               | 20,376,539           | 38,201                                 | 46,162  | -   |
| Total Assets                                      | <u>\$ 11,939,487</u>    | <u>\$ 16,620,866</u>     | <u>\$ 28,560,353</u> | <u>\$ 544,924</u>                      | <u>\$ 182,049</u>                                 | <u>\$ -</u>                                     |
| <b>LIABILITIES</b>                                |                         |                          |                      |  |   |   |
| Accounts Payable and Accrued Expenses             | \$ 406,900              | \$ 1,066,988             | \$ 1,473,888         | \$ 625                                 | \$ 11,603   | \$ 510,725                                      |
| Due to Primary Government                         | -                       | -                        | -                    | -                                      | 2,896   | -   |
| Non-Current Liabilities:                          |                         |                          |                      |  |   |   |
| Due Within One Year                               | 118,922                 | 91,147                   | 210,069              | 5,727                                  | -   | -   |
| Due in More Than One Year                         | 292,592                 | 47,018                   | 339,610              | -                                      | -   | -   |
| Total Liabilities                                 | 818,414                 | 1,205,153                | 2,023,567            | 6,352                                  | 14,499  | 510,725   |
| <b>NET ASSETS</b>                                 |                         |                          |                      |  |   |   |
| Investment in Capital Assets, Net of Related Debt | 6,228,263               | 15,086,106               | 21,314,369           | 38,201                                 | 46,162  | -   |
| Restricted for:                                   |                         |                          |                      |  |   |   |
| Cemetery Care                                     | 557,781                 | -                        | 557,781              | -                                      | -   | -   |
| Unrestricted                                      | 4,335,029               | 329,607                  | 4,664,636            | 500,371                                | 121,388   | (510,725)                                       |
| Total Net Assets                                  | <u>11,121,073</u>       | <u>15,415,713</u>        | <u>26,536,786</u>    | <u>538,572</u>                         | <u>167,550</u>                                    | <u>(510,725)</u>                                |
| Total Liabilities and Net Assets                  | <u>\$ 11,939,487</u>    | <u>\$ 16,620,866</u>     | <u>\$ 28,560,353</u> | <u>\$ 544,924</u>                      | <u>\$ 182,049</u>                                 | <u>\$ -</u>                                     |

The accompanying notes constitute an integral part of this statement.

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

FOR THE YEAR ENDED JUNE 30, 2006

| <u>Functions/Programs</u>  | <u>Expenses</u>                | <u>Program Revenues</u>              |   |
|--|--------------------------------|--------------------------------------|---|
|  |                                | <u>Charges for Services</u>          | <u>Operating Grants and Contributions</u> |
| <b>Primary Government:</b>   |                                |                                      |   |
| <b>Governmental Activities:</b>                                    |                                |                                      |   |
| General Government   | \$ 1,665,220                   | \$ -                                 | \$ 4,065                                  |
| Public Safety  | 5,132,885                      | 582,442                              | 753,705                                   |
| Highways and Streets   | 1,479,561                      | 13,364                               | 36,248                                    |
| Health   | 83,613                         | -                                    | -   |
| Culture and Recreation   | 6,364                          | -                                    | -   |
| Interest on Long-Term Debt   | 3,591                          | -                                    | -   |
| Total Governmental Activities                                      | 8,371,234                      | 595,806                              | 794,018                                   |
| <b>Business-Type Activities:</b>                                   |                                |                                      |   |
| Gas  | 4,094,315                      | 4,392,337                            | -   |
| Water  | 1,227,451                      | 1,364,143                            | -   |
| Sewer  | 1,421,191                      | 774,038                              | -   |
| Sanitation   | 690,826                        | 410,387                              | 183,981                                   |
| Total Business-Type Activities                                     | 7,433,783                      | 6,940,905                            | 183,981                                   |
| Total Primary Government   | \$ 15,805,017                  | \$ 7,536,711                         | \$ 977,999                                |
| <b>Component Units:</b>  |                                |                                      |   |
| City Court of Denham Springs - Ward II                             | \$ 341,592                     | \$ 299,840                           | \$ 28,013                                 |
| Marshal of City Court of Denham Springs - Ward II                  | 448,454                        | 283,465                              | 113,893                                   |
| Denham Springs Economic Development Corporation                    | 87,440                         | -                                    | -   |
| Total Component Units  | \$ 877,486                     | \$ 583,305                           | \$ 141,906                                |
| <b>General Revenues:</b>   |                                |                                      |   |
| Taxes:   |                                |                                      |   |
| Property   |                                |                                      |   |
| Sales  |                                |                                      |   |
| Occupational and Permits   |                                |                                      |   |
| Franchise  |                                |                                      |   |
| Other Grants and Contributions not Restricted to Specific Programs |                                |                                      |   |
| Interest Income  |                                |                                      |   |
| Payments from the City of Denham Springs                           |                                |                                      |   |
| Transfers  |                                |                                      |   |
|  |                                | Total General Revenues and Transfers |   |
|  |                                | Change in Net Assets                 |   |
|  | Net Assets - Beginning of Year |                                      |   |
|  | Net Assets - End of Year       |                                      |   |

The accompanying notes constitute an integral part of this statement.

Net (Expense) Revenue and  
Changes in Net Assets

| Primary Government         |                             |                | Component Units                              |   |   |
|----------------------------|-----------------------------|----------------|--|---|---|
| Governmental<br>Activities | Business-Type<br>Activities | Total          | City Court of<br>Denham Springs -<br>Ward II | Marshal of City<br>Court of Denham<br>Springs - Ward II | Denham Springs<br>Economic Development<br>Corporation |
| \$ (1,661,155)             | \$ -                        | \$ (1,661,155) | \$ -   | \$ -  | \$ -  |
| (3,796,738)                | -                           | (3,796,738)    | -  | -   | -   |
| (1,326,024)                | -                           | (1,326,024)    | -  | -   | -   |
| (83,613)                   | -                           | (83,613)       | -  | -   | -   |
| (6,364)                    | -                           | (6,364)        | -  | -   | -   |
| (3,591)                    | -                           | (3,591)        | -  | -   | -   |
| (6,877,485)                | -                           | (6,877,485)    | -  | -   | -   |
| -                          | 298,022                     | 298,022        | -  | -   | -   |
| -                          | 136,692                     | 136,692        | -  | -   | -   |
| -                          | (563,577)                   | (563,577)      | -  | -   | -   |
| -                          | (96,458)                    | (96,458)       | -  | -   | -   |
| -                          | (225,321)                   | (225,321)      | -  | -   | -   |
| (6,877,485)                | (225,321)                   | (7,102,806)    | -  | -   | -   |
| -                          | -                           | -              | (13,739)                                     | -   | -   |
| -                          | -                           | -              | -  | (51,096)  | -   |
| -                          | -                           | -              | -  | -   | (87,440)  |
| -                          | -                           | -              | (13,739)                                     | (51,096)  | (87,440)  |
| 184,153                    | -                           | 184,153        | -  | -   | -   |
| 6,271,458                  | -                           | 6,271,458      | -  | -   | -   |
| 824,833                    | -                           | 824,833        | -  | -   | -   |
| 831,587                    | -                           | 831,587        | -  | -   | -   |
| 217,156                    | 81,479                      | 298,635        | 5,930  | 1,146   | -   |
| 91,202                     | 59,403                      | 150,605        | 24,592                                       | 2,134   | -   |
| -                          | -                           | -              | 46,860                                       | 57,506  | -   |
| (329,718)                  | 329,718                     | -              | -  | -   | -   |
| 8,090,671                  | 470,600                     | 8,561,271      | 77,382                                       | 60,786  | -   |
| 1,213,186                  | 245,279                     | 1,458,465      | 63,643                                       | 9,690   | (87,440)  |
| 9,907,887                  | 15,170,434                  | 25,078,321     | 474,929                                      | 157,860   | (423,285)   |
| \$ 11,121,073              | \$ 15,415,713               | \$ 26,536,786  | \$ 538,572                                   | \$ 167,550  | \$ (510,725)  |

## CITY OF DENHAM SPRINGS

BALANCE SHEET  
GOVERNMENTAL FUNDS

JUNE 30, 2006

|                                     | <u>General</u>      | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|-------------------------------------|---------------------|---|---|
| <b>ASSETS</b>                       |                     |   |   |
| Cash and Cash Equivalents           | \$ 621,519          | \$ 188,350                              | \$ 809,869                              |
| Investments, at Cost                | 2,214,738           | 785,000                                 | 2,999,738                               |
| Receivables:                        |                     |   |   |
| Ad Valorem Taxes, Net               | 2,928               | -                                       | 2,928                                   |
| Other                               | 201,434             | 11,564                                  | 212,998                                 |
| Due from Other Funds                | 169,657             | 137,765                                 | 307,422                                 |
| Due from Other Governments          | 1,036,485           | 103,925                                 | 1,140,410                               |
| Due from Component Units            | 2,896               | -                                       | 2,896                                   |
| Total Assets                        | <u>\$ 4,249,657</u> | <u>\$ 1,226,604</u>                     | <u>\$ 5,476,261</u>                     |
| <b>LIABILITIES</b>                  |                     |   |   |
| Accounts Payable                    | \$ 167,174          | \$ 113,466                              | \$ 280,640                              |
| Payroll Taxes Payable               | 3,829               | -                                       | 3,829                                   |
| Accrued Salaries and Wages          | 74,281              | -                                       | 74,281                                  |
| Other Liabilities                   | 20,865              | -                                       | 20,865                                  |
| Total Liabilities                   | 266,149             | 113,466                                 | 379,615                                 |
| <b>FUND BALANCES</b>                |                     |   |   |
| Fund Balance:                       |                     |   |   |
| Reserved for Cemetery Expenditures  | -                   | 557,781                                 | 557,781                                 |
| Unreserved, Reported In             |                     |   |   |
| General Fund                        | 3,983,508           | -                                       | 3,983,508                               |
| Capital Projects Fund               | -                   | 503,665                                 | 503,665                                 |
| Debt Service Fund                   | -                   | 3,148                                   | 3,148                                   |
| Witness Fee Fund                    | -                   | 48,544                                  | 48,544                                  |
| Total Fund Balances                 | <u>3,983,508</u>    | <u>1,113,138</u>                        | <u>5,096,646</u>                        |
| Total Liabilities and Fund Balances | <u>\$ 4,249,657</u> | <u>\$ 1,226,604</u>                     | <u>\$ 5,476,261</u>                     |

The accompanying notes constitute an integral part of this statement.

## CITY OF DENHAM SPRINGS

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

JUNE 30, 2006

Fund Balances-Total Governmental Funds \$ 5,096,646

Amounts Reported for Governmental  
 Activities in the Statement of Net  
 Assets are Different Because:

Capital Assets Used in Governmental Activities  
 are not Financial Resources and are not  
 Reported in the Governmental Funds

|                               |                    |           |
|-------------------------------|--------------------|-----------|
| Governmental Capital Assets   | \$ 12,132,409      |           |
| Less Accumulated Depreciation | <u>(5,869,471)</u> | 6,262,938 |

Long-Term Liabilities are not Due and  
 Payable in the Current Period and  
 Therefore are not Reported in the  
 Governmental Funds:

|                              |  |           |
|------------------------------|--|-----------|
| Compensated Absences Payable |  | (328,534) |
| Capital Lease Payable        |  | (79,527)  |

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 Assets  
 Motor Pool Internal Service Fund Net Assets

169,550

|                                       |  |                      |
|---------------------------------------|--|----------------------|
| Net Assets of Governmental Activities |  | <u>\$ 11,121,073</u> |
|---------------------------------------|--|----------------------|

The accompanying notes constitute an integral part of this statement.

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

FOR THE YEAR ENDED JUNE 30, 2006

|  | General      | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|--------------|--------------------------------|--------------------------------|
| <b>Revenues:</b>                                     |              |                                |                                |
| Taxes  | \$ 7,328,233 | \$ -                           | \$ 7,328,233                   |
| Licenses and Permits                                 | 824,833      | -                              | 824,833                        |
| Fines and Forfeits                                   | 431,280      | -                              | 431,280                        |
| Interest   | 59,935       | 30,235                         | 90,170                         |
| Fees   | 124,696      | 25,567                         | 150,263                        |
| Intergovernmental                                    | 829,889      | 103,925                        | 933,814                        |
| Miscellaneous  | 148,148      | 3,080                          | 151,228                        |
| Total Revenues                                       | 9,747,014    | 162,807                        | 9,909,821                      |
| <b>Expenditures:</b>                                 |              |                                |                                |
| Current:   |              |                                |                                |
| General Government                                   | 1,569,915    | 22,797                         | 1,592,712                      |
| Public Safety  | 5,123,758    | -                              | 5,123,758                      |
| Highways and Streets                                 | 1,134,207    | -                              | 1,134,207                      |
| Health   | 83,613       | -                              | 83,613                         |
| Culture and Recreation                               | 6,364        | -                              | 6,364                          |
| Capital Outlay:                                      |              |                                |                                |
| Highways and Streets                                 | -            | 164,956                        | 164,956                        |
| Debt Service:  |              |                                |                                |
| Principal Retirement                                 | 34,640       | -                              | 34,640                         |
| Interest   | 3,591        | -                              | 3,591                          |
| Total Expenditures                                   | 7,956,088    | 187,753                        | 8,143,841                      |
| Excess (Deficiency) of<br>Revenues over Expenditures | 1,790,926    | (24,946)                       | 1,765,980                      |
| <b>Other Financing Sources (Uses):</b>               |              |                                |                                |
| Transfer Out   | (329,718)    | -                              | (329,718)                      |
| Total Other Financing Sources (Uses)                 | (329,718)    | -                              | (329,718)                      |
| Net Change in Fund Balances                          | 1,461,208    | (24,946)                       | 1,436,262                      |
| Fund Balances at Beginning of Year                   | 2,522,300    | 1,138,084                      | 3,660,384                      |
| Fund Balances at End of Year                         | \$ 3,983,508 | \$ 1,113,138                   | \$ 5,096,646                   |

The accompanying notes constitute an integral part of this statement.

## CITY OF DENHAM SPRINGS

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

FOR THE YEAR ENDED JUNE 30, 2006

Net Change in Fund Balances - Total Governmental Funds \$ 1,436,262

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       | 234,067          |           |
| Depreciation Expense | <u>(540,552)</u> | (306,485) |

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

|  |        |
|--|--------|
| Repayment of Principal on Long-Term Debt | 34,640 |
|--|--------|

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.

|  |        |
|--|--------|
| Decrease in Compensated Absences Payable | 16,446 |
|--|--------|

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 Funds is Reported with Governmental Activities.

|   |                     |
|---|---------------------|
| Change in Net Assets of Governmental Activities | <u>\$ 1,213,186</u> |
|---|---------------------|

The accompanying notes constitute an integral part of this statement.



**CITY OF DENHAM SPRINGS  
GENERAL FUND**

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

FOR THE YEAR ENDED JUNE 30, 2006

|                              | Budgeted Amounts |            | Actual     | Variance With<br>Final Budget |
|------------------------------|------------------|------------|------------|-------------------------------|
|                              | Original         | Final      |            |                               |
| <b>Revenues</b>              |                  |            |            |                               |
| <b>Taxes:</b>                |                  |            |            |                               |
| Ad Valorem Taxes             | \$ 175,000       | \$ 175,000 | \$ 184,153 | \$ 9,153                      |
| Alcoholic Beverage Tax       | 23,000           | 23,000     | 23,732     | 732                           |
| Cable TV Franchise Tax       | 132,685          | 136,686    | 136,686    | -                             |
| Chain Store Tax              | 18,710           | 18,710     | 17,303     | (1,407)                       |
| Electrical Franchise Taxes   | 550,000          | 638,500    | 692,841    | 54,341                        |
| Sales Taxes                  | 5,000,000        | 5,712,625  | 6,271,458  | 558,833                       |
| Wrecker Franchise Tax        | 2,025            | 2,060      | 2,060      | -                             |
|                              | 5,901,420        | 6,706,581  | 7,328,233  | 621,652                       |
| <b>Licenses and Permits:</b> |                  |            |            |                               |
| Occupational Licenses        | 636,708          | 667,000    | 732,222    | 65,222                        |
| Other Permits and Licenses   | 127,080          | 108,210    | 92,611     | (15,599)                      |
|                              | 763,788          | 775,210    | 824,833    | 49,623                        |
| <b>Fines and Forfeits:</b>   |                  |            |            |                               |
| Ward II Court                | 380,900          | 381,650    | 428,997    | 47,347                        |
| Forfeiture Funds             | 2,000            | 2,000      | 2,283      | 283                           |
|                              | 382,900          | 383,650    | 431,280    | 47,630                        |
| <b>Interest Income</b>       | 30,075           | 41,000     | 59,935     | 18,935                        |
| <b>Fees:</b>                 |                  |            |            |                               |
| Animal Adoption Fees         | 20,000           | 20,000     | 19,607     | (393)                         |
| Background Check Fees        | 66,000           | 86,800     | 91,725     | 4,925                         |
| Road Maintenance Fees        | 13,360           | 13,364     | 13,364     | -                             |
|                              | 99,360           | 120,164    | 124,696    | 4,532                         |

(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, 2006

|                                 | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | <u>Variance With<br/>Final Budget</u> |
|---------------------------------|-------------------------|------------------|------------------|---------------------------------------|
|                                 | <u>Original</u>         | <u>Final</u>     |                  |                                       |
| <b>Intergovernmental:</b>       |                         |                  |                  |                                       |
| Fire Insurance Commissions      | 27,238                  | 29,645           | 35,871           | 6,226                                 |
| Animal Control Grant            | -                       | -                | 5,000            | 5,000                                 |
| FEMA Hurricane Disaster Grants  | -                       | 461,732          | 461,732          | -                                     |
| Fire Department Grants          | 500                     | 54,400           | 38,508           | (15,892)                              |
| Law Enforcement Grants          | 35,000                  | 35,000           | 68,315           | 33,315                                |
| Main Street Grant               | -                       | 2,115            | 4,065            | 1,950                                 |
| Mapping Grant                   | -                       | 29,879           | 36,248           | 6,369                                 |
| On Behalf Payments for Salaries | 187,200                 | 184,249          | 180,150          | (4,099)                               |
| Other Grant Revenue             | 10,000                  | 2,500            | -                | (2,500)                               |
|                                 | <u>259,938</u>          | <u>799,520</u>   | <u>829,889</u>   | <u>30,369</u>                         |
| <b>Miscellaneous:</b>           |                         |                  |                  |                                       |
| Insurance Premium Rebate        | -                       | 24,426           | 18,162           | (6,264)                               |
| Royalties                       | 45,000                  | 72,000           | 86,872           | 14,872                                |
| Wreck Reports                   | 10,500                  | 10,500           | 14,263           | 3,763                                 |
| Rent Income                     | 310                     | 310              | 320              | 10                                    |
| Miscellaneous                   | 20,300                  | 28,623           | 28,531           | (92)                                  |
|                                 | <u>76,110</u>           | <u>135,859</u>   | <u>148,148</u>   | <u>12,289</u>                         |
| <b>Total Revenues</b>           | <u>7,513,591</u>        | <u>8,961,984</u> | <u>9,747,014</u> | <u>785,030</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, 2006

|   | Budgeted Amounts |         | Actual  | Variance With<br>Final Budget |
|---|------------------|---------|---------|-------------------------------|
|   | Original         | Final   |         |                               |
| <b>Expenditures</b>                               |                  |         |         |                               |
| <b>General Government:</b>                        |                  |         |         |                               |
| General Provisions:                               |                  |         |         |                               |
| Salaries  | 306,201          | 314,450 | 305,826 | 8,624                         |
| Aldermen's Per Diem                               | 48,000           | 48,000  | 41,800  | 6,200                         |
| Payroll Taxes, Retirement,<br>and Group Insurance | 97,164           | 91,749  | 86,842  | 4,907                         |
| Chamber of Commerce                               | 10,000           | 10,000  | 10,000  | -                             |
| Contingency                                       | 50,000           | -       | -       | -                             |
| Equipment Purchased                               | -                | 12,000  | 13,135  | (1,135)                       |
| Insurance   | 35,875           | 37,939  | 33,527  | 4,412                         |
| Legal and Professional                            | 78,000           | 78,000  | 61,971  | 16,029                        |
| Membership Fees and<br>Educational Training       | 15,000           | 15,000  | 8,958   | 6,042                         |
| Miscellaneous                                     | 58,295           | 72,346  | 41,268  | 31,078                        |
| Printing, Postage and<br>Office Supplies          | 41,000           | 41,000  | 36,048  | 4,952                         |
| Rental Equipment                                  | 6,500            | 6,500   | 5,136   | 1,364                         |
| Repairs and Maintenance                           | 56,500           | 56,500  | 30,309  | 26,191                        |
| Small Tools and Supplies                          | 4,500            | 4,500   | 7,262   | (2,762)                       |
| Telephone   | 34,500           | 40,000  | 42,831  | (2,831)                       |
| Travel  | 15,500           | 12,500  | 17,404  | (4,904)                       |
| Utilities   | 20,000           | 57,000  | 55,264  | 1,736                         |
| Total General Provisions                          | 877,035          | 897,484 | 797,581 | 99,903                        |
| Cemetery:   |                  |         |         |                               |
| Salaries  | 67,060           | 70,767  | 69,433  | 1,334                         |
| Payroll Taxes, Retirement,<br>and Group Insurance | 19,600           | 19,718  | 18,806  | 912                           |
| Insurance   | 6,000            | 6,000   | 4,807   | 1,193                         |
| Legal and Professional                            | 425              | 425     | -       | 425                           |
| Miscellaneous                                     | 3,910            | 4,510   | 3,539   | 971                           |

(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, 2006

|   | Budgeted Amounts |         | Actual  | Variance With<br>Final Budget |
|---|------------------|---------|---------|-------------------------------|
|   | Original         | Final   |         |                               |
| <b>General Government (Continued):</b>            |                  |         |         |                               |
| Cemetery (Continued):                             |                  |         |         |                               |
| Repairs and Maintenance                           | 4,600            | 5,400   | 6,545   | (1,145)                       |
| Small Tools                                       | 800              | 800     | 1,051   | (251)                         |
| Total Cemetery                                    | 102,395          | 107,620 | 104,181 | 3,439                         |
| Tax:  |                  |         |         |                               |
| Salaries  | 53,045           | 53,911  | 52,646  | 1,265                         |
| Payroll Taxes, Retirement,<br>and Group Insurance | 13,864           | 13,864  | 12,946  | 918                           |
| Collection Fees                                   | 80,000           | 103,689 | 111,249 | (7,560)                       |
| Equipment Expense                                 | 1,500            | 1,500   | 544     | 956                           |
| Equipment Purchased                               | -                | 1,108   | 1,108   | -                             |
| Insurance   | 1,850            | 1,850   | 1,565   | 285                           |
| Legal and Professional                            | 850              | 3,500   | 4,145   | (645)                         |
| Miscellaneous                                     | 2,900            | 2,650   | 455     | 2,195                         |
| Printing, Postage and<br>and Office Supplies      | 4,700            | 3,050   | 2,802   | 248                           |
| Small Tools and Supplies                          | -                | -       | 768     | (768)                         |
| Tax Roll  | 5,025            | 5,069   | 5,069   | -                             |
| Total Tax   | 163,734          | 190,191 | 193,297 | (3,106)                       |
| Ward Court:                                       |                  |         |         |                               |
| Salaries  | 51,550           | 51,550  | 51,550  | -                             |
| Payroll Taxes, Retirement,<br>and Group Insurance | 21,566           | 21,461  | 20,802  | 659                           |
| Additional Court Costs                            | 20,200           | 20,200  | -       | 20,200                        |
| Building Maintenance                              | 5,500            | 6,625   | 6,511   | 114                           |
| Insurance   | 1,152            | 390     | 311     | 79                            |
| Legal and Professional                            | 7,860            | 8,172   | 8,172   | -                             |
| Payments to Component Units                       | 87,000           | 87,105  | 104,366 | (17,261)                      |
| Utilities   | -                | 450     | 557     | (107)                         |
| Total Ward Court                                  | 194,828          | 195,953 | 192,269 | 3,684                         |

(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, 2006

|   | Budgeted Amounts |           |           | Variance With |
|---|------------------|-----------|-----------|---------------|
|   | Original         | Final     | Actual    | Final Budget  |
| General Government (Continued):                   |                  |           |           |               |
| Planning and Zoning:                              |                  |           |           |               |
| Salaries  | 101,100          | 104,165   | 101,069   | 3,096         |
| Payroll Taxes, Retirement,<br>and Group Insurance | 30,931           | 31,906    | 29,702    | 2,204         |
| Demolition Expense                                | 20,000           | 20,000    | 11,519    | 8,481         |
| Equipment Purchased                               | -                | 295       | 510       | (215)         |
| Insurance   | 6,500            | 6,500     | 5,178     | 1,322         |
| Legal and Professional                            | 9,700            | 119,000   | 82,450    | 36,550        |
| Miscellaneous                                     | 6,600            | 6,450     | 4,028     | 2,422         |
| Printing, Postage and<br>Office Supplies          | 4,500            | 3,200     | 2,846     | 354           |
| Small Tools and Supplies                          | 750              | 1,905     | 1,517     | 388           |
| Vehicle Expense                                   | 2,500            | 2,500     | 2,412     | 88            |
| Total Planning and<br>Zoning                      | 182,581          | 295,921   | 241,231   | 54,690        |
| Landscaping:                                      |                  |           |           |               |
| Contracted Services                               | 50,000           | 50,000    | 41,356    | 8,644         |
| Total Landscaping                                 | 50,000           | 50,000    | 41,356    | 8,644         |
| Total General Government                          | 1,570,573        | 1,737,169 | 1,569,915 | 167,254       |

(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, 2006

|   | Budgeted Amounts |           | Actual    | Variance With<br>Final Budget |
|---|------------------|-----------|-----------|-------------------------------|
|   | Original         | Final     |           |                               |
| <b>Public Safety:</b>                             |                  |           |           |                               |
| Animal Control:                                   |                  |           |           |                               |
| Salaries  | 60,900           | 62,426    | 60,008    | 2,418                         |
| Payroll Taxes, Retirement,<br>and Group Insurance | 17,139           | 17,139    | 14,334    | 2,805                         |
| Animal Care Expense                               | 17,500           | 17,500    | 33,747    | (16,247)                      |
| Equipment Expense                                 | 2,500            | 2,500     | 3,198     | (698)                         |
| Equipment Purchased                               | -                | 223       | 223       | -                             |
| Insurance   | 4,500            | 5,700     | 2,769     | 2,931                         |
| Miscellaneous                                     | 9,455            | 11,087    | 11,462    | (375)                         |
| Small Tools and Supplies                          | 2,000            | 2,000     | 2,034     | (34)                          |
| Telephone   | 2,000            | 2,000     | 1,856     | 144                           |
| Utilities   | 4,800            | 9,900     | 9,948     | (48)                          |
| Total Animal Control                              | 120,794          | 130,475   | 139,579   | (9,104)                       |
| <br>Fire:   |                  |           |           |                               |
| Salaries  | 946,050          | 1,277,416 | 1,269,153 | 8,263                         |
| Payroll Taxes, Retirement,<br>and Group Insurance | 358,571          | 331,200   | 328,244   | 2,956                         |
| Legal and Professional                            | 27,500           | 185,000   | 186,851   | (1,851)                       |
| Equipment Purchased                               | -                | 70,347    | 54,952    | 15,395                        |
| Equipment Expense                                 | 26,000           | 55,000    | 54,203    | 797                           |
| Insurance   | 113,000          | 113,000   | 126,872   | (13,872)                      |
| Membership Fees and<br>Educational Training       | 22,500           | 22,500    | 22,185    | 315                           |
| Miscellaneous                                     | 3,920            | 15,475    | 14,014    | 1,461                         |
| Printing, Postage and<br>Office Supplies          | 4,100            | 4,100     | 1,677     | 2,423                         |
| Repairs and Maintenance                           | 17,000           | 17,000    | 16,343    | 657                           |
| Small Tools and Supplies                          | 57,624           | 57,624    | 32,544    | 25,080                        |
| Telephone   | 8,200            | 6,500     | 5,807     | 693                           |
| Uniforms  | 7,500            | 7,500     | 6,420     | 1,080                         |
| Utilities   | 11,000           | 20,700    | 22,797    | (2,097)                       |
| Total Fire  | 1,602,965        | 2,183,362 | 2,142,062 | 41,300                        |

(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, 2006

|   | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | <u>Variance With<br/>Final Budget</u> |
|---|-------------------------|------------------|------------------|---------------------------------------|
|   | <u>Original</u>         | <u>Final</u>     |                  |                                       |
| <b>Public Safety (Continued):</b>                 |                         |                  |                  |                                       |
| Police:   |                         |                  |                  |                                       |
| Salaries  | 1,489,460               | 1,676,300        | 1,650,225        | 26,075                                |
| Payroll Taxes, Retirement,<br>and Group Insurance | 483,344                 | 465,023          | 464,071          | 952                                   |
| Equipment Purchased                               | 83,000                  | 88,200           | 113,453          | (25,253)                              |
| Equipment Expense                                 | 136,000                 | 192,000          | 212,743          | (20,743)                              |
| Equipment Rental                                  | 4,500                   | 4,500            | 4,768            | (268)                                 |
| Insurance   | 125,000                 | 125,000          | 115,395          | 9,605                                 |
| Jail Expense                                      | 2,000                   | 2,000            | 2,102            | (102)                                 |
| Membership Fees and<br>Educational Training       | 15,000                  | 15,000           | 9,984            | 5,016                                 |
| Miscellaneous                                     | 24,600                  | 26,900           | 18,522           | 8,378                                 |
| Printing, Postage and<br>Office Supplies          | 14,500                  | 14,500           | 12,020           | 2,480                                 |
| Professional Fees                                 | 16,695                  | 24,000           | 25,067           | (1,067)                               |
| Repairs and Maintenance                           | 21,500                  | 32,500           | 36,789           | (4,289)                               |
| Small Tools and Supplies                          | 23,000                  | 18,000           | 19,058           | (1,058)                               |
| Telephone   | 25,000                  | 35,000           | 35,581           | (581)                                 |
| Uniforms  | 24,500                  | 24,500           | 17,933           | 6,567                                 |
| Utilities   | 26,500                  | 55,000           | 58,103           | (3,103)                               |
| <b>Total Police</b>                               | <b>2,514,599</b>        | <b>2,798,423</b> | <b>2,795,814</b> | <b>2,609</b>                          |
| Litter Control:                                   |                         |                  |                  |                                       |
| Salaries  | 29,760                  | 30,750           | 30,146           | 604                                   |
| Payroll Taxes, Retirement,<br>and Group Insurance | 9,291                   | 9,360            | 8,927            | 433                                   |
| Insurance   | 1,750                   | 1,200            | 1,406            | (206)                                 |
| Miscellaneous                                     | 300                     | 300              | 97               | 203                                   |
| Equipment Expense                                 | 3,800                   | 3,650            | 4,828            | (1,178)                               |
| Telephone   | 900                     | 1,000            | 899              | 101                                   |
| <b>Total Litter Control</b>                       | <b>45,801</b>           | <b>46,260</b>    | <b>46,303</b>    | <b>(43)</b>                           |
| <b>Total Public Safety</b>                        | <b>4,284,159</b>        | <b>5,158,520</b> | <b>5,123,758</b> | <b>34,762</b>                         |

(CONTINUED)

**CITY OF DENHAM SPRINGS  
GENERAL FUND**

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

FOR THE YEAR ENDED JUNE 30, 2006

|   | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | <u>Variance With<br/>Final Budget</u> |
|---|-------------------------|------------------|------------------|---------------------------------------|
|   | <u>Original</u>         | <u>Final</u>     |                  |                                       |
| <b>Highway and Streets:</b>                       |                         |                  |                  |                                       |
| Streets:  |                         |                  |                  |                                       |
| Salaries  | 402,730                 | 495,041          | 491,467          | 3,574                                 |
| Payroll Taxes, Retirement,<br>and Group Insurance | 119,874                 | 127,589          | 129,823          | (2,234)                               |
| Equipment Expense                                 | 106,300                 | 113,800          | 119,253          | (5,453)                               |
| Equipment Rental                                  | 10,000                  | 10,000           | 6,771            | 3,229                                 |
| Insurance   | 65,500                  | 65,500           | 57,232           | 8,268                                 |
| Uniforms  | 7,500                   | 7,500            | 5,972            | 1,528                                 |
| Legal and Professional                            | 700                     | 54,996           | 62,334           | (7,338)                               |
| Streets Maintenance<br>and Materials              | 151,100                 | 151,100          | 78,106           | 72,994                                |
| Membership Fees and<br>Educational Training       | 1,000                   | 1,000            | 420              | 580                                   |
| Miscellaneous                                     | 16,250                  | 50,626           | 42,994           | 7,632                                 |
| Small Tools and Supplies                          | 8,000                   | 8,000            | 5,985            | 2,015                                 |
| Telephone   | 5,500                   | 5,500            | 4,958            | 542                                   |
| Utilities   | 3,000                   | 10,885           | 10,474           | 411                                   |
| <b>Total Streets</b>                              | <b>897,454</b>          | <b>1,101,537</b> | <b>1,015,789</b> | <b>85,748</b>                         |
| <b>Lighting:</b>                                  |                         |                  |                  |                                       |
| Utilities   | 107,000                 | 122,000          | 118,418          | 3,582                                 |
| <b>Total Lighting</b>                             | <b>107,000</b>          | <b>122,000</b>   | <b>118,418</b>   | <b>3,582</b>                          |
| <b>Total Highways<br/>and Streets</b>             | <b>1,004,454</b>        | <b>1,223,537</b> | <b>1,134,207</b> | <b>89,330</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, 2006

|   | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | <u>Variance With<br/>Final Budget</u> |
|---|-------------------------|------------------|------------------|---------------------------------------|
|   | <u>Original</u>         | <u>Final</u>     |                  |                                       |
| <b>Health:</b>                              |                         |                  |                  |                                       |
| Council on Aging                            | 31,800                  | 44,146           | 45,394           | (1,248)                               |
| Denham Spring Housing Authority             | 5,101                   | 6,907            | 6,907            | -                                     |
| Denham Springs Farmers Market               | -                       | -                | 1,230            | (1,230)                               |
| Pest Control                                | 13,525                  | 14,905           | 10,374           | 4,531                                 |
| West Livingston Park                        | 1,800                   | 3,955            | 2,155            | 1,800                                 |
| Youth and Family Counseling                 | 17,000                  | 17,000           | 17,553           | (553)                                 |
| <b>Total Health</b>                         | <b>69,226</b>           | <b>86,913</b>    | <b>83,613</b>    | <b>3,300</b>                          |
| <b>Culture and Recreation:</b>              |                         |                  |                  |                                       |
| Committee Expenses                          | 2,000                   | 2,000            | 623              | 1,377                                 |
| Equipment Rental                            | -                       | -                | 54               | (54)                                  |
| Insurance                                   | -                       | -                | 78               | (78)                                  |
| Membership Fees and<br>Educational Training | 2,000                   | 3,565            | 245              | 3,320                                 |
| Legal and Professional                      | -                       | -                | 1,565            | (1,565)                               |
| Printing, Postage and<br>Office Supplies    | 1,900                   | 1,900            | 1,802            | 98                                    |
| Telephone                                   | 1,200                   | 1,200            | 887              | 313                                   |
| Travel                                      | 2,000                   | 2,000            | 1,110            | 890                                   |
| <b>Total Culture and<br/>Recreation</b>     | <b>9,100</b>            | <b>10,665</b>    | <b>6,364</b>     | <b>4,301</b>                          |
| <b>Debt Service:</b>                        |                         |                  |                  |                                       |
| Principal Retirement                        | 40,000                  | 40,000           | 34,640           | 5,360                                 |
| Interest                                    | -                       | -                | 3,591            | (3,591)                               |
| <b>Total Debt Service</b>                   | <b>40,000</b>           | <b>40,000</b>    | <b>38,231</b>    | <b>1,769</b>                          |
| <b>Total Expenditures</b>                   | <b>6,977,512</b>        | <b>8,256,804</b> | <b>7,956,088</b> | <b>300,716</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, 2006

|  | Budgeted Amounts    |                     | Actual              | Variance With<br>Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
|  | Original            | Final               |                     |                               |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | 536,079             | 705,180             | 1,790,926           | 1,085,746                     |
| <b>Other Financing Sources (Uses):</b>                       |                     |                     |                     |                               |
| Operating Transfers Out                                      | <u>(329,718)</u>    | <u>(329,718)</u>    | <u>(329,718)</u>    | <u>-</u>                      |
| <b>Net Change in Fund Balances</b>                           | 206,361             | 375,462             | 1,461,208           | 1,085,746                     |
| <b>Fund Balance at Beginning of Year</b>                     | <u>2,522,300</u>    | <u>2,522,300</u>    | <u>2,522,300</u>    | <u>-</u>                      |
| <b>Fund Balance at End of Year</b>                           | <u>\$ 2,728,661</u> | <u>\$ 2,897,762</u> | <u>\$ 3,983,508</u> | <u>\$ 1,085,746</u>           |

The accompanying notes constitute an integral part of this statement.

**CITY OF DENHAM SPRINGS  
PROPRIETARY FUNDS**

**STATEMENT OF NET ASSETS**

JUNE 30, 2006

|  | <u>Business-Type<br/>Activities -<br/>Utility<br/>Enterprise Fund</u> | <u>Governmental<br/>Activities -<br/>Motor Pool<br/>Internal<br/>Service Fund</u> |
|--|---|---|
| <b>Current Assets:</b>   |   |   |
| Cash and Cash Equivalents  | \$       -  | \$   135,239  |
| <br><b>Restricted Investments:</b>   |   |   |
| Certificate of Deposit - Customer Deposit Account<br>(Maturity Greater Than 90 Days) | 690,000   | -   |
| <br><b>Receivables:</b>  |   |   |
| Accounts (Net of Allowance for Uncollectible Accounts of<br>\$150,000)               | 299,595   | -   |
| Grants   | 27,869  | -   |
| Other  | 17,588  | -   |
| Unbilled Utility Sales   | 371,805   | -   |
|  | <u>716,857</u>  | <u>-</u>  |
| <br><b>Inventory, at Cost</b>  | 274,482   | 20,197  |
| <br><b>Prepaid Expenses</b>  | <u>160,843</u>  | <u>-</u>  |
| Total Current Assets   | 1,842,182   | 155,436   |
| <br><b>Noncurrent Assets:</b>  |   |   |
| Capital Assets, at Cost (Net of<br>Accumulated Depreciation)                         | <u>15,086,106</u>   | <u>44,852</u>   |
| Total Assets   | <u>\$   16,928,288</u>  | <u>\$     200,288</u>   |

The accompanying notes constitute an integral part of this statement.

|  | <u>Business-Type<br/>Activities -<br/>Utility<br/>Enterprise Fund</u> | <u>Governmental<br/>Activities -<br/>Motor Pool<br/>Internal<br/>Service Fund</u> |
|--|---|---|
| <b>Current Liabilities (Payable from Current Assets):</b>      |   |   |
| Accounts Payable   | \$ 354,981  | \$ 26,062   |
| Accrued Salaries and Wages                                     | 23,787  | -   |
| Accumulated Unpaid Vacation                                    | 15,672  | 864   |
| Customers' Deposits  | 678,172   | -   |
| Environmental Assessment Liabilities - Current Portion         | 75,475  | -   |
| Other Current Liabilities                                      | 10,048  | 1,223   |
| Due To Other Funds   | <u>307,422</u>  | <u>-</u>  |
| <br>Total Current Liabilities (Payable from Current<br>Assets) | <br>1,465,557   | <br>28,149  |
| <br><b>Noncurrent Liabilities:</b>                             |   |   |
| Accumulated Unpaid Vacation                                    | <u>47,018</u>   | <u>2,589</u>  |
| Total Noncurrent Liabilities                                   | <u>47,018</u>   | <u>2,589</u>  |
| <br>Total Liabilities  | <br>1,512,575   | <br>30,738  |
| <br><b>Net Assets:</b>   |   |   |
| Invested in Capital Assets, Net of Related Debt                | 15,086,106  | 44,852  |
| Unrestricted   | <u>329,607</u>  | <u>124,698</u>  |
| <br>Total Net Assets   | <br><u>15,415,713</u>   | <br><u>169,550</u>  |
| <br>Total Liabilities and Net Assets                           | <br><u>\$ 16,928,288</u>  | <br><u>\$ 200,288</u>   |

**CITY OF DENHAM SPRINGS  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2006**

|                                       | Business-Type<br>Activities -<br>Utility<br>Enterprise Fund | Governmental<br>Activities -<br>Motor Pool<br>Internal<br>Service Fund |
|---------------------------------------|---|--|
| <b>Operating Revenues:</b>            |   |  |
| Charges for Services                  | \$ 6,940,905  | \$ 577,160   |
| Grant                                 | 183,981   | 7,044  |
| Total Operating Revenues              | 7,124,886   | 584,204  |
| <b>Operating Expenses:</b>            |   |  |
| Personal Services and Benefits        | 1,667,596   | 83,415   |
| Contractual Services                  | 911,731   | -  |
| Cost of Materials                     | 2,825,236   | 447,599  |
| Utilities                             | 413,970   | 1,980  |
| Repair and Maintenance                | 565,212   | 4,713  |
| Supplies                              | 233,790   | 5,209  |
| Insurance                             | 124,921   | 6,682  |
| Depreciation                          | 652,856   | 6,600  |
| Bad Debts                             | 21,999  | -  |
| Total Operating Expenses              | 7,417,311   | 556,198  |
| Operating Income (Loss)               | (292,425)   | 28,006   |
| <b>Nonoperating Revenues:</b>         |   |  |
| Interest                              | 59,403  | 1,032  |
| Miscellaneous                         | 81,479  | 3,285  |
| Total Nonoperating Revenues           | 140,882   | 4,317  |
| <b>Nonoperating Expenses:</b>         |   |  |
| Interest                              | 8,648   | -  |
| Amortization of Bond Costs            | 7,824   | -  |
| Total Nonoperating Expenses           | 16,472  | -  |
| Income (Loss) Before Contributions    | (168,015)   | 32,323   |
| Capital Contributions                 | 83,576  | -  |
| Transfer from General Fund            | 329,718   | -  |
| Change in Net Assets                  | 245,279   | 32,323   |
| Total Net Assets at Beginning of Year | 15,170,434  | 137,227  |
| Total Net Assets at End of Year       | \$ 15,415,713   | \$ 169,550   |

The accompanying notes constitute an integral part of this statement.

**CITY OF DENHAM SPRINGS  
PROPRIETARY FUNDS**

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED JUNE 30, 2006

|   | <b>Business-Type<br/>Activities -<br/>Utility<br/>Enterprise Fund</b> | <b>Governmental<br/>Activities -<br/>Motor Pool<br/>Internal<br/>Service Fund</b> |
|---|---|---|
| <b>Cash Flows From Operating Activities:</b>                            |   |   |
| Cash Received from Customers  | \$ 6,984,964  | \$ 577,246  |
| Cash Payments to Suppliers for Goods and Services                       | (5,172,717)   | (459,428)   |
| Cash Payments to Employees for Services and Benefits                    | (1,656,214)   | (81,863)  |
| Other Receipts (Payments)   | (752,572)   | 100,693   |
| Net Cash Provided by (Used in) Operating Activities                     | (596,539)   | 136,648   |
| <b>Cash Flows From Noncapital and Related Financing Activities:</b>     |   |   |
| Transfer From General Fund  | 329,718   | -   |
| Net Cash Provided by Noncapital and Related<br>Financing Activities     | 329,718   | -   |
| <b>Cash Flows From Capital and Related Financing Activities:</b>        |   |   |
| Acquisition and Construction of Capital Assets                          | (455,143)   | (16,447)  |
| Net Receipts from Customer Deposits                                     | 53,467  | -   |
| Principal Paid on Revenue Bonds   | (160,144)   | -   |
| Capital Contributions   | 83,576  | -   |
| Interest Paid on Revenue Bonds  | (8,648)   | -   |
| Net Cash Used in Capital and Related<br>Financing Activities            | (486,892)   | (16,447)  |
| <b>Cash Flows From Investing Activities:</b>                            |   |   |
| Proceeds from Sales and Maturities of Investments                       | 694,310   | -   |
| Interest Income   | 59,403  | 1,032   |
| Net Cash Provided by Investing Activities                               | 753,713   | 1,032   |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>             | -   | 121,233   |
| <b>Cash and Cash Equivalents - Beginning of Year</b>                    | -   | 14,006  |
| <b>Cash and Cash Equivalents - End of Year</b>                          | <b>\$ -</b>   | <b>\$ 135,239</b>   |
| <b>Schedule of Noncash Investing, Capital and Financing Activities:</b> |   |   |
| Amortization of Deferred Bond Expense                                   | \$ 7,824  | \$ -  |

(CONTINUED)

**CITY OF DENHAM SPRINGS  
PROPRIETARY FUNDS**

**STATEMENT OF CASH FLOWS (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2006

|   | Business-Type<br>Activities -<br>Utility<br>Enterprise Fund | Governmental<br>Activities -<br>Motor Pool<br>Internal<br>Service Fund |
|---|---|--|
| <b>Reconciliation of Operating Income (Loss) to Net Cash</b>  |   |  |
| <b>Provided by (Used in) Operating Activities:</b>  |   |  |
| Operating Income (Loss)   | \$ (292,425)  | \$ 28,006  |
| Adjustments to Reconcile Operating Income (Loss)<br>to Net Cash Provided by (Used In) Operating Activities: |   |  |
| Depreciation  | 652,856   | 6,600  |
| Provision for Bad Debts   | 21,999  | -  |
| Miscellaneous Revenues  | 81,479  | 3,285  |
| <br>Changes in Assets and Liabilities:  |   |  |
| (Increase) Decrease in Accounts Receivable  | (54,262)  | -  |
| (Increase) Decrease in Grant Receivable   | (2,266)   | -  |
| (Increase) Decrease in Other Receivables  | 4,790   | 86   |
| (Increase) Decrease in Unbilled Utility Sales   | (87,841)  | -  |
| (Increase) Decrease in Due from Other Funds   | -   | 90,365   |
| (Increase) Decrease in Inventory  | (130,760)   | (7,166)  |
| (Increase) Decrease in Prepaid Expenses   | (4,156)   | -  |
| Increase (Decrease) in Accounts Payable   | 90,640  | 15,816   |
| Increase (Decrease) in Retainage Payable  | -   | -  |
| Increase (Decrease) in Accrued Salaries and Wages   | 2,925   | -  |
| Increase (Decrease) in Other Current Liabilities  | (40,335)  | (1,704)  |
| Increase (Decrease) in Due To Other Funds   | (834,394)   | -  |
| Increase (Decrease) in Accrued Bond Interest  | (2,883)   | -  |
| Increase (Decrease) in Environmental Assessment Liabilities   | (10,363)  | -  |
| Increase (Decrease) in Accumulated Unpaid Vacation  | 8,457   | 1,360  |
| <br>Net Cash Provided by (Used in) Operating Activities   | <b>\$ (596,539)</b>   | <b>\$ 136,648</b>  |

The accompanying notes constitute an integral part of this statement.

## **CITY OF DENHAM SPRINGS**

### **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2006**

#### **(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, 2006 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 (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. 14, the Financial Reporting Entity, established criteria for determining which component units should be considered part of the City of Denham Springs for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the City to impose its will on that organization and/or



## **CITY OF DENHAM SPRINGS**

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

**JUNE 30, 2006**

- b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.**
- 2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.**
- 3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.**

**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. The component units included in the accompanying financial statements are discretely presented.**

#### **BLENDED COMPONENT UNITS**

**There are no component units that have been determined by management to be reported as part of the primary government (blended) in the government-wide financial statements of the City of Denham Springs.**

#### **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 FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2006**

**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. Even though City Court Officials prepare and approve their own budget, they occasionally may find it necessary to cover any revenue shortfalls by requesting additional financial support from the City. The City is under no legal obligation to honor such requests but has always done so. 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, 2006.

**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. Even though Officials of the Marshal of City Court prepare and approve their own budget, they occasionally may find it necessary to cover any revenue shortfalls by requesting additional financial support from the City. The City is under no legal obligation to honor such requests but has always done so. The City's government-wide financial statements discretely presents the Marshal's financial statements for the year ended June 30, 2006.

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

**Denham Springs Economic Development Corporation -** The nonprofit corporation is managed by up to a nine member board appointed by the City Council. The corporation expects to issue bonds in the future which will be repaid from sales tax revenues generated by developments. Collateral for the bonds is expected to be limited to the prospective development and the City of Denham Springs would have no liability for these bonds. The City would be liable for operating deficits, if any. The City's government-wide financial statements discretely presents the corporation's financial statements for the year ended June 30, 2006.

## **CITY OF DENHAM SPRINGS**

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

**JUNE 30, 2006**

#### **RELATED ORGANIZATIONS**

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

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

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

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

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

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

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

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

## CITY OF DENHAM SPRINGS

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2006

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

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

JUNE 30, 2006

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 fund:

*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.

Additionally, the City reports the following fund types:

*The capital projects fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

*The special revenue fund* accounts for specific revenues that are legally restricted to expenditure for a particular purpose.

## CITY OF DENHAM SPRINGS

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2006

*The internal service fund* accounts for services provided to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

*The debt service fund* accounts for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. There are no debt service major funds.

*The permanent fund* accounts for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's program.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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 FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2006**

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.

#### **C. Assets, Liabilities and Net Assets or Equity**

##### **1. Deposits and Investments -**

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

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

Investments (certificates of deposit with original maturities greater than 90 days) are stated at cost.

Deposit and Investment policies of the component units are similar to those of the primary government.

##### **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 fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. At June 30, 2006, 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, 2006.

## **CITY OF DENHAM SPRINGS**

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

**JUNE 30, 2006**

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

**3. Inventories and Prepaid Items -**

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

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

**4. Restricted Assets -**

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

Restricted assets at June 30, 2006 are comprised of certificates of deposits with maturities greater than 90 days when purchased.

**5. Capital Assets -**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,000 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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.



## **CITY OF DENHAM SPRINGS**

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

**JUNE 30, 2006**

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 - 20      |
| Building Improvements        | 10 - 20      |
| Public Domain Infrastructure | 50           |
| System Infrastructure        | 20 - 50      |
| Equipment                    | 3 - 10       |

**6. Compensated Absences -**

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

**7. Long-Term Obligations -**

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

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

## **CITY OF DENHAM SPRINGS**

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

**JUNE 30, 2006**

**8. Fund Equity -**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**9. Post-Employment Health Care Benefits -**

**Retiree Benefits -**

In addition to the pension benefits described in Note 11, the City provides postretirement healthcare benefits to all employees who retire from the City, as per the requirements of a local ordinance. The group insurance is paid by the City and reimbursed by the retired employee. There is no associated cost to the City under this program, and there are only nine (9) participants in the program as of June 30, 2006.

**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, 2006, there are only two (2) participants in the program.

**10. Use of Estimates -**

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

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

**A. Budgetary Information**

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

## **CITY OF DENHAM SPRINGS**

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

**JUNE 30, 2006**

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.

## **CITY OF DENHAM SPRINGS**

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

**JUNE 30, 2006**

Budgeted amounts are as originally adopted, or as amended from time to time by the City Council. For the fiscal year ended June 30, 2006, the City Council approved the increase in the original expenditures and Transfers Out of the General Fund from \$7,307,230 to \$8,586,522.

The total General Fund increase amounted to \$1,279,292. The General Fund budget as amended was increased by \$324,000 for additional legal cost, increased \$629,000 for additional salaries due mainly to hurricane related costs, increased by \$104,000 for additional utility expenses and increased by \$89,000 for additional capital outlay expenses. These areas were the major budget increases.

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

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

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

The City also invests all excess funds in certificates of deposits, which have maturity dates greater than 90 days when purchased, and are therefore classified as investments for financial reporting.

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

## CITY OF DENHAM SPRINGS

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2006

A. Primary Government

As reflected in Exhibit A-1, the City of Denham Springs, Louisiana has cash totaling \$945,108 and investments totaling \$3,689,738. 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, 2005.

|   | <u>Government<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>       |
|---|----------------------------------|-------------------------------------|--------------------|
| Deposits in Bank Accounts per<br>Balance Sheet: |                                  |                                     |                    |
| Cash and Cash Equivalents                       | \$ 945,108                       | \$ -                                | \$ 945,108         |
| Certificates of Deposit                         | <u>2,999,738</u>                 | <u>690,000</u>                      | <u>3,689,738</u>   |
|   | <u>\$3,944,846</u>               | <u>\$ 690,000</u>                   | <u>\$4,634,846</u> |

*Custodial Credit Risk - Deposits*

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2006, \$4,769,369 of the City's bank balance of \$4,869,369, was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name.

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

# CITY OF DENHAM SPRINGS

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2006

### 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, 2006, are summarized below.

|   | City Court of<br>Denham Springs -<br>Ward II | Marshall of<br>City Court of<br>Denham Springs -<br>Ward II |
|---|--|---|
| Deposits in Bank Accounts   |  |   |
| Per Balance Sheet:  |  |   |
| Cash and Cash Equivalents   | \$ 309,279                                   | \$ 65,473   |
| Certificates of Deposits  | <u>195,000</u>                               | <u>63,345</u>   |
|   | 504,279                                      | 128,818   |
| <br>Fiduciary Amounts - Not<br>Included in Statement of<br>Net Assets | <br><u>221,006</u>                           | <br><u>-</u>  |
|   | <u>\$ 725,285</u>                            | <u>\$128,818</u>  |

### *Custodial Credit Risk - Deposits*

In the case of deposits, this is the risk that in the event of a bank failure, the component units' deposits may not be returned to them. As of June 30, 2006, \$364,849 of the component units' bank balances of \$910,350 were exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name.

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

## **CITY OF DENHAM SPRINGS**

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

**JUNE 30, 2006**

**(4) Ad Valorem Taxes -**

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

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

For the year ended June 30, 2006, taxes of 2.92 mills were levied on property with assessed valuations totaling \$63,370,620 and were dedicated to general purposes.

Total taxes levied were \$185,040. Taxes receivable at June 30, 2006, consisted of the following:

|                                   |                 |
|-----------------------------------|-----------------|
| Taxes Receivable - Current Roll   | \$ 4,779        |
| Taxes Receivable - Prior Years    | <u>8,982</u>    |
|                                   | 13,761          |
| Allowance for Uncollectible Taxes | <u>(10,833)</u> |
|                                   | <u>\$ 2,928</u> |

**(5) Receivables -**

Receivables as of June 30, 2006, including the applicable allowances for uncollectible accounts, are as follows:

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

JUNE 30, 2006

|  | <u>Interest</u>  | <u>Ad Valorem<br/>Taxes</u> | <u>Royalties</u> | <u>Franchise<br/>Taxes</u> | <u>Accounts</u>  | <u>Unbilled<br/>Sales</u> | <u>Less:<br/>Allowance for<br/>Uncollectibles</u> | <u>Total -<br/>Net<br/>Receivable</u> |
|--|------------------|-----------------------------|------------------|----------------------------|------------------|---------------------------|---|---------------------------------------|
| <b><u>Governmental Activities:</u></b>                   |                  |                             |                  |                            |                  |                           |   |                                       |
| General Fund   | \$18,898         | \$ 13,761                   | \$ 10,961        | \$ 147,320                 | \$ 24,255        | \$ -                      | \$ (10,833)                                       | \$204,362                             |
| Nonmajor Governmental<br>Funds                           | 11,564           | -                           | -                | -                          | -                | -                         | -   | 11,564                                |
| Internal Service Fund                                    | -                | -                           | -                | -                          | -                | -                         | -   | -                                     |
| Total Governmental<br>Activities                         | 30,462           | 13,761                      | 10,961           | 147,320                    | 24,255           | -                         | (10,833)  | 215,926                               |
| <b><u>Business Type Activities:</u></b>                  |                  |                             |                  |                            |                  |                           |   |                                       |
| Utility Fund   | 8,160            | -                           | -                | -                          | 486,892          | 371,805                   | (150,000)   | 716,857                               |
| <b><u>Component Units:</u></b>                           |                  |                             |                  |                            |                  |                           |   |                                       |
| City Court of Denham<br>Springs - Ward II                | 1,850            | -                           | -                | -                          | 594              | -                         | -   | 2,444                                 |
| Marshall of City Court<br>of Denham Springs -<br>Ward II | 477              | -                           | -                | -                          | 479              | -                         | -   | 956                                   |
| Total Component Units                                    | 2,327            | -                           | -                | -                          | 1,073            | -                         | -   | 3,400                                 |
|  | <u>\$ 40,949</u> | <u>\$13,761</u>             | <u>\$ 10,961</u> | <u>\$147,320</u>           | <u>\$512,220</u> | <u>\$371,805</u>          | <u>\$(160,833)</u>                                | <u>\$936,183</u>                      |

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

Due from Other Governments as of June 30, 2006, consists of the following:

|   | <u>Livingston<br/>Parish<br/>School Board</u> | <u>State of<br/>Louisiana</u> | <u>Livingston<br/>Parish</u> | <u>Federal</u>   | <u>Other</u>    | <u>Total</u>       |
|---|---|-------------------------------|------------------------------|------------------|-----------------|--------------------|
| <b><u>Governmental Activities:</u></b>                |   |                               |                              |                  |                 |                    |
| General Fund  | \$944,051                                     | \$ 39,194                     | \$ 35,871                    | \$ 17,369        | \$ -            | \$1,036,485        |
| Nonmajor Governmental Funds                           | -   | 103,925                       | -                            | -                | -               | 103,925            |
| Total Governmental Activities                         | 944,051                                       | 143,119                       | 35,871                       | 17,369           | -               | 1,140,410          |
| <b><u>Business Type Activities:</u></b>               |   |                               |                              |                  |                 |                    |
| Utility Fund  | -   | -                             | -                            | -                | -               | -                  |
| <b><u>Component Units:</u></b>                        |   |                               |                              |                  |                 |                    |
| City Court of Denham Springs - Ward II                | -   | -                             | -                            | -                | -               | -                  |
| Marshall of City Court of<br>Denham Springs - Ward II | -   | -                             | -                            | -                | 6,113           | 6,113              |
| Total Component Units                                 | -   | -                             | -                            | -                | 6,113           | 6,113              |
|   | <u>\$944,051</u>                              | <u>\$143,119</u>              | <u>\$ 35,871</u>             | <u>\$ 17,369</u> | <u>\$ 6,113</u> | <u>\$1,146,523</u> |



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

JUNE 30, 2006

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

a. Balances due to/from other funds at June 30, 2006 consist of the following:

|   |                   |
|---|-------------------|
| Due to Capital Projects Fund from the Utility Fund<br>for a portion of the construction of a water maintenance<br>building to be shared with the Fire Department. Upon<br>completion the water maintenance portion was closed<br>into the Enterprise Fund | \$ 137,765        |
| Due to General Fund from the Utility Fund representing<br>net cash in excess of outstanding checks  | <u>169,657</u>    |
|   | <u>\$ 307,422</u> |

Summary of balances due from (to) other funds reported in fund financial statements and net internal  
balances as reported in the Statement of Net Assets:

|   | <u>Due From<br/>Other Funds</u> | <u>Due (To)<br/>Other Funds</u> | <u>Net<br/>Internal<br/>Balances</u> |
|---|---------------------------------|---------------------------------|--------------------------------------|
| Balance Sheet - Governmental Funds            | \$ 307,422                      | \$ -                            | \$ 307,422                           |
| Statement of Net Assets -<br>Proprietary Fund | <u>-</u>                        | <u>(307,422)</u>                | <u>(307,422)</u>                     |
|   | <u>\$ 307,422</u>               | <u>\$(307,422)</u>              | <u>\$ -</u>                          |

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

JUNE 30, 2006

- b. Receivable and payable balances at year-end between the Primary Government and Component Units were as follows:

|   | <u>Due (To)/From<br/>Primary<br/>Government</u> | <u>Due (To)/From<br/>Component<br/>Units</u> |
|---|---|--|
| <b><u>Primary Government:</u></b>                     |   |  |
| General Fund  | \$ -  | \$ 2,896                                     |
| <b><u>Component Units:</u></b>                        |   |  |
| City Court of Denham Springs -<br>Ward II             | -   | -  |
| Marshall of City Court of Denham<br>Springs - Ward II | (2,896)   | -  |
| Total   | <u>\$ (2,896)</u>                               | <u>\$ 2,896</u>                              |

- c. In the year ended June 30, 2006, the City of Denham Springs made the following one-time transfers:

A transfer of \$329,718 from the general fund to the utility enterprise fund in order to subsidize utility expenses in the sewer department.

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

Primary government capital asset activity for the year ended June 30, 2006 was as follows:

|   | <u>Balance<br/>June 30, 2005</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance<br/>June 30, 2006</u> |
|---|----------------------------------|------------------|------------------|----------------------------------|
| <b><u>Governmental Activities:</u></b>        |                                  |                  |                  |                                  |
| Capital Assets not being Depreciated:         |                                  |                  |                  |                                  |
| Land  | \$ 628,671                       | \$ -             | \$ -             | \$ 628,671                       |
| Construction in Progress                      | <u>97,391</u>                    | <u>50,686</u>    | <u>-</u>         | <u>148,077</u>                   |
| Total Capital Assets not being<br>Depreciated | 726,062                          | 50,686           | -                | 776,748                          |

(CONTINUED)

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

JUNE 30, 2006

|  | Balance<br>June 30, 2005 | Additions    | Deletions | Balance<br>June 30, 2006 |
|--|--------------------------|--------------|-----------|--------------------------|
| <b>Capital Assets being Depreciated:</b>                 |                          |              |           |                          |
| Buildings and Improvements                               | 4,245,592                | 5,600        | -         | 4,251,192                |
| Infrastructure   | 3,544,275                | -            | -         | 3,544,275                |
| Equipment  | 3,571,827                | 194,227      | (18,633)  | 3,747,421                |
| <b>Total Capital Assets being Depreciated</b>            | 11,361,694               | 199,827      | (18,633)  | 11,542,888               |
| <b>Less: Accumulated Depreciation for:</b>               |                          |              |           |                          |
| Buildings and Improvements                               | 1,975,893                | 110,407      | -         | 2,086,300                |
| Infrastructure   | 1,200,576                | 145,636      | -         | 1,346,212                |
| Equipment  | 2,306,858                | 291,109      | (18,633)  | 2,579,334                |
| <b>Total Accumulated Depreciation</b>                    | 5,483,327                | 547,152      | (18,633)  | 6,011,846                |
| <b>Total Capital Assets being Depreciated, Net</b>       | 5,878,367                | (347,325)    | -         | 5,531,042                |
| <b>Total Governmental Activities Capital Assets, Net</b> | \$ 6,604,429             | \$ (296,639) | \$ -      | \$ 6,307,790             |

**Business-Type Activities:**

|   |            |         |           |            |
|---|------------|---------|-----------|------------|
| <b>Capital Assets not being Depreciated:</b>      |            |         |           |            |
| Land  | \$ 159,575 | \$ -    | \$ -      | \$ 159,575 |
| Construction in Progress                          | 33,359     | 295,660 | (247,985) | 81,034     |
| <b>Total Capital Assets not being Depreciated</b> | 192,934    | 295,660 | (247,985) | 240,609    |
| <b>Capital Assets being Depreciated:</b>          |            |         |           |            |
| Buildings and Improvements                        | 547,907    | 17,280  | -         | 565,187    |
| Gas System  | 3,616,732  | 268,497 | -         | 3,885,229  |
| Water System                                      | 7,045,466  | 11,115  | -         | 7,056,581  |
| Sewer System                                      | 14,145,898 | 16,661  | -         | 14,162,559 |
| Equipment   | 1,473,100  | 93,915  | -         | 1,567,015  |
| <b>Total Capital Assets being Depreciated</b>     | 26,829,103 | 407,468 | -         | 27,236,571 |

(CONTINUED)

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

JUNE 30, 2006

|   | <u>Balance</u><br><u>June 30, 2005</u> | <u>Additions</u> | <u>Deletions</u>    | <u>Balance</u><br><u>June 30, 2006</u> |
|---|--|------------------|---------------------|--|
| Less: Accumulated Depreciation for:                   |  |                  |                     |  |
| Building and Improvements                             | 152,564                                | 13,394           | -                   | 165,958                                |
| Gas System  | 2,402,859                              | 72,620           | -                   | 2,475,479                              |
| Water System  | 4,080,154                              | 173,492          | -                   | 4,253,646                              |
| Sewer System  | 3,981,219                              | 283,542          | -                   | 4,264,761                              |
| Equipment   | <u>1,121,422</u>                       | <u>109,808</u>   | -                   | <u>1,231,230</u>                       |
| Total Accumulated Depreciation                        | <u>11,738,218</u>                      | <u>652,856</u>   | -                   | <u>12,391,074</u>                      |
| Total Capital Assets being<br>Depreciated, Net        | <u>15,090,885</u>                      | <u>(245,388)</u> | -                   | <u>14,845,497</u>                      |
| Total Business-Type Activities<br>Capital Assets, Net | <u>\$15,283,819</u>                    | <u>\$ 50,272</u> | <u>\$ (247,985)</u> | <u>\$15,086,106</u>                    |

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

Governmental Activities:

|                     |                |
|---------------------|----------------|
| General Government  | \$ 77,802      |
| Public Safety       | 221,815        |
| Highway and Streets | <u>240,935</u> |
|                     | 540,552        |

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

6,600

Total Depreciation Expense -  
Governmental Activities

\$ 547,152

Business-Type Activities:

|            |              |
|------------|--------------|
| Water      | \$ 220,575   |
| Gas        | 106,662      |
| Sewer      | 321,825      |
| Sanitation | <u>3,794</u> |

Total Depreciation Expense -  
Business-Type Activities

\$ 652,856

# CITY OF DENHAM SPRINGS

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2006

### Construction Commitments

The City has active construction projects as of June 30, 2006. The projects include the renovation of the "Old City Hall" building in downtown Denham Springs, the construction of sidewalks down Hatchell Lane, the repair of Del Orleans Street and the Jason Drive Drainage Project. The renovation of Old City Hall is being funded entirely by the City of Denham Springs, while the sidewalks project will receive a State grant for \$323,000. The other two projects are being funded by City funds.

| <u>Project</u>                                   | <u>Spent-to-Date</u> | <u>Remaining<br/>Commitment</u> |
|--|----------------------|---------------------------------|
| Renovation of Old City Hall                      | \$ 84,675            | \$ 365,325                      |
| Del Orleans Repair                               | 8,627                | 93,000                          |
| Jason Drive Drainage                             | 42,059               | 45,000                          |
| Sidewalk Construction - Phase II - Hatchell Lane | <u>12,716</u>        | <u>352,716</u>                  |
|  | <u>\$ 148,077</u>    | <u>\$ 856,041</u>               |

In addition, the City is working with the State of Louisiana in an effort to ease traffic flow on State Highways through the City of Denham Springs. The project is referred to as the Range Road Corridor Project. The total cost of the project is estimated to be \$7,200,000 with the majority of the cost being reimbursed to the City from the State. These costs will not be capitalized as infrastructure costs, as the City of Denham Springs will not own these improvements. Costs incurred to date as Highways and Street expenditures amount to \$834,509.

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

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

| <u>Governmental Activities</u>    | <u>Balance<br/>July 1, 2005</u> | <u>Additions</u>  | <u>Deletions</u> | <u>Balance<br/>June 30, 2006</u> |
|-----------------------------------|---------------------------------|-------------------|------------------|----------------------------------|
| Equipment:                        |                                 |                   |                  |                                  |
| Copier                            | \$ 11,018                       | \$ -              | \$ -             | \$ 11,018                        |
| Telephone System                  | 11,171                          | -                 | -                | 11,171                           |
| Furniture and Fixtures            | 21,288                          | -                 | -                | 21,288                           |
| Computer Equipment                | 102,165                         | 2,703             | 652              | 104,216                          |
| Police Equipment                  | 4,273                           | -                 | -                | 4,273                            |
| Leasehold Improvements            | 15,696                          | -                 | -                | 15,696                           |
| Other Equipment                   | <u>22,763</u>                   | <u>1,848</u>      | <u>-</u>         | <u>24,611</u>                    |
| Totals                            | 188,374                         | 4,551             | 652              | 192,273                          |
| Less: Accumulated<br>Depreciation | <u>(144,823)</u>                | <u>(9,901)</u>    | <u>652</u>       | <u>(154,072)</u>                 |
| Capital Assets, Net               | <u>\$ 43,551</u>                | <u>\$ (5,350)</u> | <u>\$ -</u>      | <u>\$ 38,201</u>                 |

(CONTINUED)

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

JUNE 30, 2006

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

| <b><u>Governmental Activities</u></b> | <b><u>Balance<br/>July 1, 2005</u></b> | <b><u>Additions</u></b> | <b><u>Deletions</u></b> | <b><u>Balance<br/>June 30, 2006</u></b> |
|---------------------------------------|--|-------------------------|-------------------------|---|
| Office Equipment                      | \$ 25,751                              | \$ 500                  | \$ (897)                | \$ 25,354                               |
| Furniture and Fixtures                | 9,377                                  | -                       | -                       | 9,377                                   |
| Machinery and Equipment               | 41,983                                 | -                       | -                       | 41,983                                  |
| Vehicles                              | 87,847                                 | -                       | -                       | 87,847                                  |
| Leasehold Improvements                | <u>4,411</u>                           | <u>-</u>                | <u>-</u>                | <u>4,411</u>                            |
| Totals                                | 169,369                                | 500                     | (897)                   | 168,972                                 |
| Less: Accumulated<br>Depreciation     | <u>(106,898)</u>                       | <u>(16,785)</u>         | <u>(873)</u>            | <u>(122,810)</u>                        |
| Capital Assets, Net                   | <u>\$ 62,471</u>                       | <u>\$ (16,285)</u>      | <u>\$ (24)</u>          | <u>\$ 46,162</u>                        |

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

**Revenue Bonds**

The City of Denham Springs issued \$1,712,505 of 1998 Utility Revenue Refunding Bonds dated July 17, 1998. These bonds along with monies from the 1989 Sinking, Reserve, and Contingency accounts were used to advance refund the 1989 Utility Revenue Refunding Bonds. The bonds are payable solely from revenues derived from the Enterprise Fund. These 1998 Utility Revenue Refunding Bonds were completely paid out in 2006.

The Sinking Fund, Reserve Fund, and Contingency Fund requirements of the 1989 bond were eliminated with the issuance of the 1998 bonds.

**Prior Year Bond Defeasance** There are no outstanding balances on any prior-year bond defeasance as of June 30, 2006.

**Capital Lease Payable** The City entered into a capital lease agreement on September 5, 2003, for financing the purchase of a street sweeper for the Street Department. The lease requires monthly payments of principal and interest of \$3,186 for 60 months with a final payment due September 5, 2008. The lease agreement contains a non-appropriation exculpatory clause that allows cancellation if the City Council does not make an annual appropriation for the lease payments. The capital lease payable at June 30, 2006, is as follows:

# CITY OF DENHAM SPRINGS

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2006

| <u>Description/Purpose</u>                                      | <u>Original<br/>Lease<br/>Amount</u> | <u>Interest<br/>Rate</u> | <u>Final<br/>Maturity</u> | <u>Balance<br/>June 30, 2006</u> |
|---|--------------------------------------|--------------------------|---------------------------|----------------------------------|
| Governmental Activities:  |                                      |                          |                           |                                  |
| Capital lease to finance<br>the purchase of a<br>street sweeper | \$174,485                            | 3.65%                    | 09/05/08                  | \$ 79,527                        |

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

| <u>Year Ending<br/>June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|------------------|-----------------|--------------|
| 2007                            | \$ 35,925        | \$ 2,306        | \$ 38,231    |
| 2008                            | 37,259           | 972             | 38,231       |
| 2009                            | 6,343            | 29              | 6,372        |
| Total                           | \$ 79,527        | \$ 3,307        | \$ 82,834    |

Changes in Long-Term Debt Long-term liability activity for the year ended June 30, 2006 is as follows:

|                          | <u>Balance<br/>June 30, 2005</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance<br/>June 30, 2006</u> | <u>Due<br/>Within<br/>One Year</u> |
|--------------------------|----------------------------------|------------------|-------------------|----------------------------------|------------------------------------|
| Governmental Activities: |                                  |                  |                   |                                  |                                    |
| Capital Lease            | \$ 114,167                       | \$ -             | \$ 34,640         | \$ 79,527                        | \$ 35,925                          |
| Compensated Absences     | 347,074                          | 286,149          | 301,236           | 331,987                          | 82,997                             |
| Governmental Activity    |                                  |                  |                   |                                  |                                    |
| Long-Term Liabilities    | \$ 461,241                       | \$286,149        | \$335,876         | \$411,514                        | \$118,922                          |

(CONTINUED)

# CITY OF DENHAM SPRINGS

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2006

|   | <u>Balance</u><br><u>June 30, 2005</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u><br><u>June 30, 2006</u> | <u>Due</u><br><u>Within</u><br><u>One Year</u> |
|---|--|------------------|-------------------|--|--|
| <b>Business-Type Activities:</b>                      |  |                  |                   |  |  |
| 1998 Utility Revenue Refunding Bond                   | \$ 160,144                             | \$ -             | \$160,144         | \$ -                                   | \$ -   |
| Less: Deferred Amount on Refunding                    | <u>(7,824)</u>                         | <u>-</u>         | <u>(7,824)</u>    | <u>-</u>                               | <u>-</u>                                       |
| Total Bonds Payable                                   | 152,320                                | -                | 152,320           | -                                      | -  |
| Environmental Assessment Liabilities                  | 85,838                                 | -                | 10,363            | 75,475                                 | 75,475   |
| Compensated Absences                                  | <u>54,233</u>                          | <u>85,875</u>    | <u>77,418</u>     | <u>62,690</u>                          | <u>15,672</u>                                  |
| <b>Business-Type Activities Long-Term Liabilities</b> | <u>\$ 292,391</u>                      | <u>\$ 85,875</u> | <u>\$240,101</u>  | <u>\$138,165</u>                       | <u>\$ 91,147</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 \$3,453 of compensated absences for the internal service fund is included in the above amounts. Also, for the governmental activities, capital leases and compensated absences are generally liquidated by the General Fund.

### (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 which is designated specifically for Customers' Deposits. At June 30, 2006, customers' deposits amounted to \$678,172 and the balance of the certificate of deposit amounted to \$690,000 and is included as a Restricted Asset on the Statement of Net Assets.

### (11) Retirement Commitments -

#### A. Plan Descriptions, Contribution Information, and Funding Policies

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



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

JUNE 30, 2006

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

|   | <b><u>Municipal<br/>Employees Retirement<br/>System of Louisiana</u></b>   | <b><u>Municipal Police<br/>Employees Retirement<br/>System of Louisiana</u></b>                                 | <b><u>Firefighters Retirement<br/>System of Louisiana</u></b>   |
|---|--|---|---|
| <b>Eligibility to<br/>Participate</b>   | All permanent employees working at least 35 hours per week, not covered by another pension plan, and under age 60 at date of employment and are paid wholly or in part from City funds; all elected municipal officials are also eligible to participate; all employees of the City are members of Plan B. | All full-time police department employees engaged in law enforcement are required to participate in the System. | Mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. |
| <b>Authority<br/>Establishing<br/>Contribution<br/>Obligations<br/>and Benefits</b> | State Statute  | State Statute   | State Statute   |
| <b>Plan Members'<br/>Contribution<br/>Rate (Percent<br/>of Covered<br/>Payroll)</b> | 5.00%  | 7.50%   | 8.00%   |
| <b>City's Contri-<br/>bution Rate<br/>(Percent of<br/>Covered<br/>Payroll)</b>      | 9.75%  | 16.25%  | 18.0%   |

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

JUNE 30, 2006

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

# CITY OF DENHAM SPRINGS

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2006

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

### B. Trend Information -

Contributions required by State statute:

|                        | <u>Municipal<br/>Employees Retirement<br/>System of Louisiana</u> |                                   | <u>Municipal Police<br/>Employees Retirement<br/>System of Louisiana</u> |                                   | <u>Firefighters Retirement<br/>System of Louisiana</u> |                                   |
|------------------------|---|-----------------------------------|--|-----------------------------------|--|-----------------------------------|
| <u>Fiscal<br/>Year</u> | <u>Required<br/>Contribution</u>                                  | <u>Percentage<br/>Contributed</u> | <u>Required<br/>Contribution</u>   | <u>Percentage<br/>Contributed</u> | <u>Required<br/>Contribution</u>                       | <u>Percentage<br/>Contributed</u> |
| 1998                   | \$121,610   | 94%                               | \$130,803  | 100%                              | \$ 95,453  | 100%                              |
| 1999                   | \$147,921   | 100%                              | \$143,895  | 100%                              | \$ 98,786  | 100%                              |
| 2000                   | \$166,991   | 100%                              | \$163,093  | 100%                              | \$100,037  | 100%                              |
| 2001                   | \$177,412   | 100%                              | \$176,186  | 100%                              | \$101,219  | 100%                              |
| 2002                   | \$184,844   | 100%                              | \$177,673  | 100%                              | \$122,030  | 100%                              |
| 2003                   | \$235,415   | 100%                              | \$182,630  | 100%                              | \$128,281  | 100%                              |
| 2004                   | \$299,519   | 100%                              | \$275,777  | 100%                              | \$235,124  | 59%                               |
| 2005                   | \$317,335   | 100%                              | \$320,036  | 100%                              | \$254,973  | 138%                              |
| 2006                   | \$326,121   | 100%                              | \$251,776  | 100%                              | \$199,621  | 100%                              |

## **CITY OF DENHAM SPRINGS**

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

**JUNE 30, 2006**

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

**(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, 2006.

Assets totaling \$352,070 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, 2006, amounted to \$46,556.

**(13) Litigation -**

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

**CITY OF DENHAM SPRINGS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2006**

**(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, 2006, the State paid supplemental salaries to the City's fire and law enforcement employees in the amount of \$180,150.

**(15) Risk Management -**

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

The City maintains commercial insurance for all risks of loss, including (1) Worker's Compensation, (2) Public Official Bonds and Employees Liability, (3) Business Auto Liability, (4) Umbrella coverage, (5) Law Enforcement Professional Liability, (6) Fire and Extended coverage and (7) Flood Insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

The following list includes the compensation paid to the Mayor and Council Members for the year ended June 30, 2006. The current terms of the Mayor and Council Members expire on December 31, 2006.

James E. Durbin, Mayor  
417 Centerville Street  
Denham Springs, Louisiana 70726  
Telephone: 665-8121  
Term Began: January 1, 2003

**\$ 56,383**

**(CONTINUED)**

**CITY OF DENHAM SPRINGS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2006**

|   |          |
|---|----------|
| Lori Lamm-Williams, Council Member<br>717 Poplar Street<br>Denham Springs, Louisiana 70726<br>Telephone: 665-4462<br>Term Began: January 1, 2003    | \$ 8,600 |
| George Meadors, Council Member<br>135 N. College<br>Denham Springs, Louisiana 70726<br>Telephone: 665-4889<br>Term Began: January 1, 2003           | \$ 8,600 |
| Arthur Perkins, Council Member<br>906 Hatchell Lane<br>Denham Springs, Louisiana 70726<br>Telephone: 664-6730<br>Term Began: January 1, 2003        | \$ 8,600 |
| Robert Poole, Council Member<br>1403 Weeping Willows Drive<br>Denham Springs, Louisiana 70726<br>Telephone: 665-4464<br>Term Began: January 1, 2003 | \$ 7,600 |
| John Wascom, Council Member<br>522 Centerville Street<br>Denham Springs, Louisiana 70726<br>Telephone: 665-7037<br>Term Began: January 1, 2003      | \$ 8,400 |

**CITY OF DENHAM SPRINGS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2006

**(17) Schedule of Utility Enterprise Fund Net Income (Loss) from Operations  
by Department for the Fiscal Year Ended June 30, 2006 -**

|  | <u>Gas<br/>Department</u> | <u>Water<br/>Department</u> | <u>Sewer<br/>Department</u> | <u>Sanitation<br/>Department</u> | <u>Total<br/>Utility<br/>Enterprise<br/>Fund</u> |
|--|---------------------------|-----------------------------|-----------------------------|----------------------------------|--|
| <b>Operating Revenues:</b>                           |                           |                             |                             |                                  |  |
| Charges for Services                                 | \$ 4,263,021              | \$ 1,224,837                | \$ 733,219                  | \$ 587,548                       | \$ 6,808,625                                     |
| Delinquent Charges                                   | 49,479                    | 14,216                      | 8,510                       | 6,820                            | 79,025   |
| Federal Disaster Grant                               | 79,837                    | 72,045                      | 32,099                      | -                                | 183,981  |
| Miscellaneous  | -                         | 53,045                      | 210                         | -                                | 53,255   |
| <b>Total Operating Revenues</b>                      | <b>4,392,337</b>          | <b>1,364,143</b>            | <b>774,038</b>              | <b>594,368</b>                   | <b>7,124,886</b>                                 |
| <b>Operating Expenses:</b>                           |                           |                             |                             |                                  |  |
| Direct   | 3,713,664                 | 907,983                     | 1,046,025                   | 617,452                          | 6,285,124  |
| General and Administrative                           | 380,651                   | 319,468                     | 358,694                     | 73,374                           | 1,132,187  |
| <b>Total Operating Expenses</b>                      | <b>4,094,315</b>          | <b>1,227,451</b>            | <b>1,404,719</b>            | <b>690,826</b>                   | <b>7,417,311</b>                                 |
| <b>Operating Income (Loss) by<br/>Department</b>     | <b>298,022</b>            | <b>136,692</b>              | <b>(630,681)</b>            | <b>(96,458)</b>                  | <b>(292,425)</b>                                 |
| <br>Nonoperating Revenues                            | -                         | -                           | -                           | -                                | 140,882  |
| Nonoperating Expenses                                | -                         | -                           | (16,472)                    | -                                | (16,472)   |
| Capital Contributions                                | -                         | -                           | 83,576                      | -                                | 83,576   |
| Transfers from General Fund                          | -                         | -                           | 329,718                     | -                                | 329,718  |
| <b>Change in Net Assets</b>                          |                           |                             |                             |                                  | <b>245,279</b>                                   |
| <b>Business-Type Activities</b>                      |                           |                             |                             |                                  |  |
| Departmental Net Income (Loss)                       | <u>\$ 298,022</u>         | <u>\$ 136,692</u>           | <u>\$ (233,859)</u>         | <u>\$ (96,458)</u>               |  |
| <br>Change in Net Assets<br>Business-Type Activities |                           |                             |                             |                                  | <u><b>\$ 245,279</b></u>                         |

**CITY OF DENHAM SPRINGS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2006**

**(18) Schedule of Utility Fund Operating Expenses by Department  
for the Fiscal Year Ended June 30, 2006 -**

|  | <u>Gas<br/>Department</u>  | <u>Water<br/>Department</u> | <u>Sewer<br/>Department</u> | <u>Sanitation<br/>Department</u> | <u>Total<br/>Utility<br/>Enterprise<br/>Fund</u> |
|--|----------------------------|-----------------------------|-----------------------------|----------------------------------|--|
| <b>Direct Expenses:</b>                          |                            |                             |                             |                                  |  |
| Natural Gas Purchases                            | \$ 2,825,236               | \$ -                        | \$ -                        | \$ -                             | \$ 2,825,236                                     |
| Direct Labor                                     | 447,236                    | 327,571                     | 277,219                     | -                                | 1,052,026  |
| Chlorinator Expense                              | -                          | 12,901                      | -                           | -                                | 12,901   |
| Depreciation                                     | 106,662                    | 220,575                     | 321,825                     | 3,794                            | 652,856  |
| Electricity                                      | 12,576                     | 156,998                     | 181,779                     | -                                | 351,353  |
| Equipment Expenses                               | 102,912                    | 57,966                      | 59,735                      | -                                | 220,613  |
| Equipment Rental                                 | 20,796                     | 18,476                      | 5,832                       | -                                | 45,104   |
| Lab Fees   | -                          | -                           | 17,293                      | -                                | 17,293   |
| Maintenance                                      | 121,874                    | 38,725                      | 171,841                     | -                                | 332,440  |
| Meter Reading                                    | 47,651                     | 65,804                      | -                           | -                                | 113,455  |
| Meter Repairs                                    | 7,725                      | -                           | -                           | -                                | 7,725  |
| Small Tools and Supplies                         | 20,996                     | 8,967                       | 10,501                      | 136                              | 40,600   |
| Subcontract Disposal Service                     | -                          | -                           | -                           | 613,522                          | 613,522  |
|  | <u>3,713,664</u>           | <u>907,983</u>              | <u>1,046,025</u>            | <u>617,452</u>                   | <u>6,285,124</u>                                 |
| <b>General and Administrative<br/>Expenses:</b>  |                            |                             |                             |                                  |  |
| Office Salaries                                  | 60,863                     | 84,187                      | 68,458                      | 43,081                           | 256,589  |
| Payroll Taxes, Retirement<br>and Group Insurance | 138,051                    | 114,835                     | 94,435                      | 11,660                           | 358,981  |
| Electricity                                      | 3,585                      | 4,959                       | 4,033                       | 2,538                            | 15,115   |
| Ground Maintenance                               | 46                         | 3,999                       | 389                         | -                                | 4,434  |
| Insurance  | 57,344                     | 28,949                      | 37,861                      | 767                              | 124,921  |
| Miscellaneous                                    | 53,332                     | 28,888                      | 27,202                      | 3,034                            | 112,456  |
| Office Expense                                   | 29,091                     | 22,806                      | 24,367                      | 4,470                            | 80,734   |
| Professional Fees                                | 9,284                      | 11,979                      | 84,604                      | 3,589                            | 109,456  |
| Telephone  | 23,837                     | 11,648                      | 11,476                      | 541                              | 47,502   |
| Bad Debts  | 5,218                      | 7,218                       | 5,869                       | 3,694                            | 21,999   |
|  | <u>380,651</u>             | <u>319,468</u>              | <u>358,694</u>              | <u>73,374</u>                    | <u>1,132,187</u>                                 |
| <b>Total Operating Expenses</b>                  | <u><u>\$ 4,094,315</u></u> | <u><u>\$ 1,227,451</u></u>  | <u><u>\$ 1,404,719</u></u>  | <u><u>\$ 690,826</u></u>         | <u><u>\$ 7,417,311</u></u>                       |



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

**JUNE 30, 2006**

**(19) Schedule of Utility Enterprise Fund Operating Expenses by  
Function for the Fiscal Year Ended June 30, 2006 -**

**Personal Services and Benefits:**

|   |                |
|---|----------------|
| Direct Labor                                  | \$ 1,052,026   |
| Office Salaries                               | 256,589        |
| Payroll Taxes, Retirement and Group Insurance | <u>358,981</u> |
|   | 1,667,596      |

**Contractual Services:**

|                              |                |
|------------------------------|----------------|
| Chlorinator Expense          | 12,901         |
| Equipment Rental             | 45,104         |
| Lab Fees                     | 17,293         |
| Meter Reading                | 113,455        |
| Subcontract Disposal Service | 613,522        |
| Professional Fees            | <u>109,456</u> |
|                              | 911,731        |

**Cost of Materials:**

|                       |           |
|-----------------------|-----------|
| Natural Gas Purchases | 2,825,236 |
|-----------------------|-----------|

**Utilities:**

|                       |               |
|-----------------------|---------------|
| Electricity (Direct)  | 351,353       |
| Electricity (General) | 15,115        |
| Telephone             | <u>47,502</u> |
|                       | 413,970       |

**Repair and Maintenance:**

|                    |              |
|--------------------|--------------|
| Equipment Expenses | 220,613      |
| Maintenance        | 332,440      |
| Meter Repairs      | 7,725        |
| Ground Maintenance | <u>4,434</u> |
|                    | 565,212      |

**Supplies:**

|                          |                |
|--------------------------|----------------|
| Small Tools and Supplies | 40,600         |
| Office Expense           | 80,734         |
| Miscellaneous            | <u>112,456</u> |
|                          | 233,790        |

**Insurance**

124,921

**Depreciation**

652,856

**Bad Debts**

21,999

**Total Operating Expenses**

\$ 7,417,311

## **NONMAJOR GOVERNMENTAL FUNDS**

### **CAPITAL PROJECTS FUND**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

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 the accumulation of resources for, and the payment of, general long-term debt principal and interest.

1994 Paving Certificates Debt Service Fund - This fund is 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.

### **PERMANENT FUND**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

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 specific revenues that are legally restricted to expenditure for a particular purpose.

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, 2006

|   | Capital<br>Projects<br>Fund | 1994 Paving<br>Certificates<br>Debt<br>Service<br>Fund | Cemetery<br>Care<br>Permanent<br>Fund | Witness Fee<br>Fund | Nonmajor<br>Governmental<br>Funds |
|---|-----------------------------|--|---------------------------------------|---------------------|-----------------------------------|
| <b>ASSETS</b>   |                             |  |                                       |                     |                                   |
| Cash and Cash Equivalents                             | \$ 170,791                  | \$ 3,148   | \$ 5,169                              | \$ 9,242            | \$ 188,350                        |
| Investments, at Cost                                  | 200,000                     | -  | 545,000                               | 40,000              | 785,000                           |
| Receivables (Net of Allowance for<br>Uncollectibles): |                             |  |                                       |                     |                                   |
| Other   | 3,506                       | -  | 7,612                                 | 446                 | 11,564                            |
| Due from Other Funds                                  | 137,765                     | -  | -                                     | -                   | 137,765                           |
| Due from Other Governments                            | 103,925                     | -  | -                                     | -                   | 103,925                           |
| <b>Total Assets</b>                                   | <b>\$ 615,987</b>           | <b>\$ 3,148</b>  | <b>\$ 557,781</b>                     | <b>\$ 49,688</b>    | <b>\$ 1,226,604</b>               |
| <b>LIABILITIES AND FUND BALANCES</b>                  |                             |  |                                       |                     |                                   |
| Accounts Payable                                      | \$ 112,322                  | \$ -   | \$ -                                  | \$ 1,144            | \$ 113,466                        |
| <b>Total Liabilities</b>                              | <b>112,322</b>              | <b>-</b>   | <b>-</b>                              | <b>1,144</b>        | <b>113,466</b>                    |
| Fund Balance:   |                             |  |                                       |                     |                                   |
| Reserved for Cemetery Expenditures                    | -                           | -  | 557,781                               | -                   | 557,781                           |
| Unreserved:   |                             |  |                                       |                     |                                   |
| Undesignated  | 503,665                     | 3,148  | -                                     | 48,544              | 555,357                           |
| <b>Total Fund Balances</b>                            | <b>503,665</b>              | <b>3,148</b>   | <b>557,781</b>                        | <b>48,544</b>       | <b>1,113,138</b>                  |
| <b>Total Liabilities and<br/>    Fund Balances</b>    | <b>\$ 615,987</b>           | <b>\$ 3,148</b>  | <b>\$ 557,781</b>                     | <b>\$ 49,688</b>    | <b>\$ 1,226,604</b>               |

The accompanying notes constitute an integral part of this statement.

## CITY OF DENHAM SPRINGS

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

FOR THE YEAR ENDED JUNE 30, 2006

|   | Capital<br>Projects<br>Fund | 1994 Paving<br>Certificates<br>Debt<br>Service<br>Fund | Cemetery<br>Care<br>Permanent<br>Fund | Witness Fee<br>Fund | Nonmajor<br>Governmental<br>Funds |
|---|-----------------------------|--|---------------------------------------|---------------------|-----------------------------------|
| <b>Revenues:</b>                          |                             |  |                                       |                     |                                   |
| State Grant                               | \$ 103,925                  | \$ -   | \$ -                                  | \$ -                | \$ 103,925                        |
| Fees                                      | -                           | -  | -                                     | 25,567              | 25,567                            |
| Interest                                  | 10,240                      | 34   | 19,231                                | 730                 | 30,235                            |
| Miscellaneous                             | 580                         | -  | 2,500                                 | -                   | 3,080                             |
| <b>Total Revenues</b>                     | <b>114,745</b>              | <b>34</b>  | <b>21,731</b>                         | <b>26,297</b>       | <b>162,807</b>                    |
| <b>Expenditures:</b>                      |                             |  |                                       |                     |                                   |
| Current:                                  |                             |  |                                       |                     |                                   |
| General Government                        | -                           | -  | 629                                   | 22,168              | 22,797                            |
| Capital Outlay:                           |                             |  |                                       |                     |                                   |
| Highways and Streets                      | 164,956                     | -  | -                                     | -                   | 164,956                           |
| <b>Total Expenditures</b>                 | <b>164,956</b>              | <b>-</b>   | <b>629</b>                            | <b>22,168</b>       | <b>187,753</b>                    |
| <b>Net Change in Fund Balances</b>        | <b>(50,211)</b>             | <b>34</b>  | <b>21,102</b>                         | <b>4,129</b>        | <b>(24,946)</b>                   |
| <b>Fund Balances at Beginning of Year</b> | <b>553,876</b>              | <b>3,114</b>   | <b>536,679</b>                        | <b>44,415</b>       | <b>1,138,084</b>                  |
| <b>Fund Balances at End of Year</b>       | <b>\$ 503,665</b>           | <b>\$ 3,148</b>  | <b>\$ 557,781</b>                     | <b>\$ 48,544</b>    | <b>\$ 1,113,138</b>               |

The accompanying notes constitute an integral part of this statement.

**CITY OF DENHAM SPRINGS  
CAPITAL PROJECTS FUND**

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

FOR THE YEAR ENDED JUNE 30, 2006

|  | <u>Budgeted Amounts</u> |                   |                   | <u>Variance With</u> |
|--|-------------------------|-------------------|-------------------|----------------------|
|  | <u>Original</u>         | <u>Final</u>      | <u>Actual</u>     | <u>Final Budget</u>  |
| <b>Revenues:</b>                               |                         |                   |                   |                      |
| Interest                                       | \$ 8,000                | \$ 8,000          | \$ 10,240         | \$ 2,240             |
| State Grants                                   | 2,500,000               | 50,000            | 103,925           | 53,925               |
| Miscellaneous                                  | -                       | -                 | 580               | 580                  |
| Total Revenues                                 | <u>2,508,000</u>        | <u>58,000</u>     | <u>114,745</u>    | <u>56,745</u>        |
| <b>Expenditures:</b>                           |                         |                   |                   |                      |
| Construction Costs and<br>Related Expenditures | <u>2,745,000</u>        | <u>325,000</u>    | <u>164,956</u>    | <u>160,044</u>       |
| Total Expenditures                             | <u>2,745,000</u>        | <u>325,000</u>    | <u>164,956</u>    | <u>160,044</u>       |
| Net Change in Fund Balances                    | (237,000)               | (267,000)         | (50,211)          | 216,789              |
| <b>Fund Balance at Beginning of Year</b>       | <u>553,876</u>          | <u>553,876</u>    | <u>553,876</u>    | <u>-</u>             |
| <b>Fund Balance at End of Year</b>             | <u>\$ 316,876</u>       | <u>\$ 286,876</u> | <u>\$ 503,665</u> | <u>\$ 216,789</u>    |

The accompanying notes constitute an integral part of this statement.

**CITY OF DENHAM SPRINGS  
WITNESS FEE FUND**

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

FOR THE YEAR ENDED JUNE 30, 2006

|  | <u>Budgeted Amounts</u> |                  |                  | <u>Variance With</u> |
|--|-------------------------|------------------|------------------|----------------------|
|  | <u>Original</u>         | <u>Final</u>     | <u>Actual</u>    | <u>Final Budget</u>  |
| <b>Revenues:</b>                         |                         |                  |                  |                      |
| Fees                                     | \$ 20,000               | \$ 23,208        | \$ 25,567        | \$ 2,359             |
| Interest                                 | -                       | 300              | 730              | 430                  |
| <b>Total Revenues</b>                    | <b>20,000</b>           | <b>23,508</b>    | <b>26,297</b>    | <b>2,789</b>         |
| <b>Expenditures:</b>                     |                         |                  |                  |                      |
| General Government                       | 20,000                  | 23,508           | 22,168           | 1,340                |
| <b>Total Expenditures</b>                | <b>20,000</b>           | <b>23,508</b>    | <b>22,168</b>    | <b>1,340</b>         |
| <b>Net Change in Fund Balances</b>       | <b>-</b>                | <b>-</b>         | <b>4,129</b>     | <b>4,129</b>         |
| <b>Fund Balance at Beginning of Year</b> | <b>44,415</b>           | <b>44,415</b>    | <b>44,415</b>    | <b>-</b>             |
| <b>Fund Balance at End of Year</b>       | <b>\$ 44,415</b>        | <b>\$ 44,415</b> | <b>\$ 48,544</b> | <b>\$ 4,129</b>      |

The accompanying notes constitute an integral part of this statement.

## CITY OF DENHAM SPRINGS

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

JUNE 30, 2006

**Governmental Funds Capital Assets:**

|                            |                      |
|----------------------------|----------------------|
| Land                       | \$ 628,671           |
| Land Improvements          | 38,565               |
| Buildings                  | 4,125,874            |
| Equipment                  | 3,646,947            |
| Infrastructure             | 3,544,275            |
| Construction in Progress   | <u>148,077</u>       |
| Total General Fixed Assets | <u>\$ 12,132,409</u> |

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

|  |                      |
|--|----------------------|
| General Fund Revenues                    | \$ 4,039,648         |
| Federal Revenues and Federal Grants      | 498,065              |
| Donated Infrastructure                   | 620,558              |
| Capital Improvement Funds:               |                      |
| City's Share of Cost:                    |                      |
| General Fund                             | 4,345,980            |
| Federal Revenue Sharing                  | 201,482              |
| Federal Grants                           | 614,577              |
| State Grants                             | <u>1,812,099</u>     |
| Total Investment in General Fixed Assets | <u>\$ 12,132,409</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 is excluded from the above amounts. The capital assets of the internal service fund is included as governmental activities in the statement of net assets.

The accompanying notes constitute an integral part of this statement.

# CITY OF DENHAM SPRINGS

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

JUNE 30, 2006

| Function and Activity:           | <u>Land</u>       | <u>Improvements<br/>Other Than<br/>Buildings</u> | <u>Buildings</u>    |
|----------------------------------|-------------------|--|---------------------|
| <b>General Government:</b>       |                   |  |                     |
| General Government Buildings     | \$ 415,439        | \$ 13,950  | \$ 1,620,430        |
| Administration                   | -                 | -  | -                   |
| Cemetery                         | 2,000             | 11,002   | 10,313              |
| Tax                              | -                 | -  | -                   |
| Planning and Development         | -                 | -  | -                   |
| Public Service Workers           | -                 | -  | 10,647              |
|                                  | <hr/>             | <hr/>  | <hr/>               |
| Total General Government         | 417,439           | 24,952   | 1,641,390           |
| <b>Public Safety:</b>            |                   |  |                     |
| Animal Control                   | 1,500             | 4,660  | 84,133              |
| Fire                             | 8,250             | -  | 548,842             |
| Police                           | 201,482           | 8,953  | 1,475,445           |
| Litter Control                   | -                 | -  | -                   |
|                                  | <hr/>             | <hr/>  | <hr/>               |
| Total Public Safety              | 211,232           | 13,613   | 2,108,420           |
| <b>Highways and Streets:</b>     |                   |  |                     |
| Streets                          | -                 | -  | 5,174               |
| <b>Health:</b>                   |                   |  |                     |
| Council on Aging                 | -                 | -  | 370,890             |
|                                  | <hr/>             | <hr/>  | <hr/>               |
| Total Governmental Funds Capital |                   |  |                     |
| Assets Allocated to Functions    | <u>\$ 628,671</u> | <u>\$ 38,565</u>                                 | <u>\$ 4,125,874</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 is excluded from the above amounts. The capital assets of the internal service fund is included as governmental activities in the statement of net assets.

The accompanying notes constitute an integral part of this statement.



| <u>Machinery<br/>and<br/>Equipment</u> | <u>Infrastructure</u> | <u>Total</u>         |
|--|-----------------------|----------------------|
| \$ -                                   | \$ -                  | \$ 2,049,819         |
| 193,137                                | -                     | 193,137              |
| 29,322                                 | -                     | 52,637               |
| 3,307                                  | -                     | 3,307                |
| 26,018                                 | -                     | 26,018               |
| -                                      | -                     | 10,647               |
| 251,784                                | -                     | 2,335,565            |
| 52,834                                 | -                     | 143,127              |
| 871,135                                | -                     | 1,428,227            |
| 1,303,559                              | -                     | 2,989,439            |
| 24,330                                 | -                     | 24,330               |
| 2,251,858                              | -                     | 4,585,123            |
| 1,143,305                              | 3,544,275             | 4,692,754            |
| -                                      | -                     | 370,890              |
| <u>\$ 3,646,947</u>                    | <u>\$ 3,544,275</u>   | 11,984,332           |
| Construction in Progress               |                       | <u>148,077</u>       |
|  |                       | <u>\$ 12,132,409</u> |

## CITY OF DENHAM SPRINGS

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

FOR THE YEAR ENDED JUNE 30, 2006

| Function and Activity:                     | Governmental<br>Funds Capital<br>Assets<br>7/1/05 | Transfers   | Additions         | Deductions       | Governmental<br>Funds Capital<br>Assets<br>6/30/06 |
|--|---|-------------|-------------------|------------------|--|
| <b>General Government:</b>                 |   |             |                   |                  |  |
| General Government Buildings               | \$ 2,049,819                                      | \$ -        | \$ -              | \$ -             | \$ 2,049,819                                       |
| Administration                             | 196,678   | (16,676)    | 13,135            | -                | 193,137  |
| Cemetery                                   | 52,637  | -           | -                 | -                | 52,637   |
| Tax  | 2,199   | -           | 1,108             | -                | 3,307  |
| Planning and Development                   | 25,508  | -           | 510               | -                | 26,018   |
| Public Service Workers                     | 10,647  | -           | -                 | -                | 10,647   |
| Landscape                                  | 21,114  | (21,114)    | -                 | -                | -  |
| Total General Government                   | 2,358,602   | (37,790)    | 14,753            | -                | 2,335,565  |
| <b>Public Safety:</b>                      |   |             |                   |                  |  |
| Animal Control                             | 126,228   | 16,676      | 223               | -                | 143,127  |
| Fire                                       | 1,373,275   | -           | 54,952            | -                | 1,428,227  |
| Police                                     | 2,894,619   | -           | 113,453           | 18,633           | 2,989,439  |
| Litter Control                             | 24,330  | -           | -                 | -                | 24,330   |
| Total Public Safety                        | 4,418,452   | 16,676      | 168,628           | 18,633           | 4,585,123  |
| <b>Highways and Streets:</b>               |   |             |                   |                  |  |
| Streets                                    | 4,671,640   | 21,114      | -                 | -                | 4,692,754  |
| <b>Health:</b>                             |   |             |                   |                  |  |
| Council on Aging                           | 370,890   | -           | -                 | -                | 370,890  |
| <b>Construction in Progress</b>            | <b>97,391</b>                                     | <b>-</b>    | <b>50,686</b>     | <b>-</b>         | <b>148,077</b>                                     |
| Total Governmental Funds<br>Capital Assets | <u>\$ 11,916,975</u>                              | <u>\$ -</u> | <u>\$ 234,067</u> | <u>\$ 18,633</u> | <u>\$ 12,132,409</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 is excluded from the above amounts. The capital assets of the internal service fund is included as governmental activities in the statement of net assets.

The accompanying notes constitute an integral part of this statement.

**SUPPLEMENTARY SCHEDULE**

**CITY OF DENHAM SPRINGS**  
**SCHEDULE OF INSURANCE COVERAGE IN FORCE**

JUNE 30, 2006

| <u>Insurance</u>            | <u>Coverage</u>                  | <u>Amount</u> | <u>Expiration Date</u> |
|-----------------------------|----------------------------------|---------------|------------------------|
| CNA Surety                  | Public Official Bonds            |               |                        |
|                             | Mayor; James Durbin              | \$ 50,000     | 1/01/07                |
|                             | Council Members:                 |               |                        |
|                             | Arthur Perkins                   | \$ 10,000     | 1/12/07                |
|                             | George Meadors                   | \$ 10,000     | 1/01/07                |
|                             | Robert Poole                     | \$ 10,000     | 1/01/07                |
|                             | John B. Wascom                   | \$ 10,000     | 1/01/07                |
|                             | Lori Lamm-Williams               | \$ 10,000     | 1/01/07                |
|                             | Public Employees Blanket Bond:   |               |                        |
|                             | City Treasurer:                  |               |                        |
|                             | Clarence Speed                   | \$ 50,000     | 12/11/06               |
|                             | City Clerk:                      |               |                        |
|                             | Joan LeBlanc                     | \$ 50,000     | 2/06/07                |
| Travelers Insurance Company | Property and Casualty Coverage - |               |                        |
|                             | 90% Co-Insurance:                |               |                        |
|                             | Municipal Building               | \$ 1,625,000  |                        |
|                             | Contents                         | \$ 474,000    | 7/01/06                |
|                             | <u>941 Government Street</u>     |               |                        |
|                             | Steel Water Tank and Tower       | \$ 258,000    | 7/01/06                |
|                             | <u>110 Brignac Street</u>        |               |                        |
|                             | Council on Aging Buildings       | \$ 835,000    | 7/01/06                |
|                             | <u>949 Government Street</u>     |               |                        |
|                             | Fire Station Building            | \$ 265,000    |                        |
|                             | Contents                         | \$ 11,000     | 7/01/06                |
|                             | <u>1100 Hatchell Lane</u>        |               |                        |
|                             | Fire Station/Water Dept          | \$ 630,000    |                        |
|                             | Office Building                  | \$ 15,000     | 7/01/06                |
|                             | Contents                         |               |                        |
|                             | <u>27135 La. Hwy. 16</u>         |               |                        |

(CONTINUED)

**CITY OF DENHAM SPRINGS**

**SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)**

JUNE 30, 2006

| <u>Insurance</u>               | <u>Coverage</u>                                | <u>Amount</u> | <u>Expiration<br/>Date</u> |
|--------------------------------|--|---------------|----------------------------|
|                                | Police Station and Jail Facility               | \$1,420,000   |                            |
|                                | Contents                                       | \$ 155,000    | 7/01/06                    |
|                                | <u>447 Lamm Street</u>                         |               |                            |
|                                | Fire Station Building                          | \$ 358,000    |                            |
|                                | Contents                                       | \$ 13,000     | 7/01/06                    |
|                                | <u>930 Government Street</u>                   |               |                            |
|                                | Sewer Building                                 | \$ 73,660     |                            |
|                                | Contents                                       | \$ 15,000     | 7/01/06                    |
|                                | <u>9150 Forest Delatte Road</u>                |               |                            |
|                                | Street Dept. Maintenance<br>Building           | \$ 50,000     |                            |
|                                | Contents                                       | \$ 2,000      | 7/01/06                    |
|                                | <u>600-A Bowman St.</u>                        |               |                            |
|                                | Street Dept. Office<br>Building                | \$ 50,000     |                            |
|                                | Contents                                       | \$ 2,000      | 7/01/06                    |
|                                | <u>600-B Bowman St.</u>                        |               |                            |
|                                | Animal Control Buildings                       | \$ 59,000     |                            |
|                                | Contents                                       | \$ 2,000      | 7/01/06                    |
|                                | <u>600-C Bowman Street</u>                     |               |                            |
|                                | Street Dept. Maintenance<br>Equipment Building | \$ 41,930     | 7/01/06                    |
|                                | <u>600-D Bowman St.</u>                        |               |                            |
| Travelers Insurance<br>Company | Youth Services<br>Office Building              | \$ 290,000    | 7/01/06                    |
|                                | <u>940 Government Street</u>                   |               |                            |
|                                | Utility Warehouse Building                     | \$ 93,000     |                            |
|                                | Contents                                       | \$ 31,000     | 7/01/06                    |
|                                | <u>112 Brignac Street</u>                      |               |                            |

(CONTINUED)

**CITY OF DENHAM SPRINGS**

**SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)**

JUNE 30, 2006

| <u>Insurance</u>                                  | <u>Coverage</u>                                     | <u>Amount</u>     | <u>Expiration<br/>Date</u> |
|---|---|-------------------|----------------------------|
|   | Motor Pool and Warehouse<br>Building                | \$ 265,000        |                            |
|   | Contents  | \$ 77,000         | 7/01/06                    |
|   | <u>401 N. Railroad Ave.</u>                         |                   |                            |
|   | Arts Council/Red Cross<br>Building                  | \$ 160,000        | 7/01/06                    |
|   | <u>133 Hummel St.</u>                               |                   |                            |
|   | Pine Street Pump<br>Station Building                | \$ 13,000         | 7/01/06                    |
|   | <u>2635 Pine St.</u>                                |                   |                            |
|   | Steel Water Tank and Tower<br><u>Pete's Highway</u> | \$ 566,000        | 7/01/06                    |
| Louisiana Workers'<br>Compensation<br>Corporation | Workmen's Compensation<br>Statutory                 |                   | 7/01/06                    |
| Risk Management                                   | General Liability                                   | \$ 500,000        | 7/01/06                    |
|   | Law Enforcement                                     |                   |                            |
|   | Professional Liability                              | \$ 500,000        | 7/01/06                    |
| Risk Management                                   | Public Officials<br>and Employees Liability         |                   |                            |
|   | Errors and Omissions                                | \$ 500,000        | 7/01/06                    |
| Risk Management                                   | Business Auto<br>Liability                          | \$ 500,000        | 7/01/06                    |
| Essex Insurance                                   | Vehicle Physical<br>Damage                          | Actual Cash Value | 7/01/06                    |

(CONTINUED)

**CITY OF DENHAM SPRINGS**

**SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)**

JUNE 30, 2006

| <u>Insurance</u>        | <u>Coverage</u>                | <u>Amount</u> | <u>Expiration Date</u> |
|-------------------------|--------------------------------|---------------|------------------------|
| National Flood Services | Flood Insurance:               |               |                        |
|                         | Fire Station Building          | \$ 28,000     |                        |
|                         | Contents                       | \$ 20,000     | 7/01/06                |
|                         | <u>930 Government Street</u>   |               |                        |
|                         | Youth Services Office Building | \$ 55,000     |                        |
|                         | Contents                       | \$ 20,000     | 7/01/06                |
|                         | <u>940 Government Street</u>   |               |                        |
|                         | Municipal Building             | \$ 215,000    |                        |
|                         | Contents                       | \$ 40,000     | 7/01/06                |
|                         | <u>941 Government Street</u>   |               |                        |
|                         | Council on Aging Building      | \$ 60,000     |                        |
|                         | Contents                       | \$ 40,000     | 7/01/06                |
|                         | <u>949 Government Street</u>   |               |                        |
|                         | Fire Station Building          | \$ 28,000     |                        |
|                         | Contents                       | \$ 20,000     | 7/01/06                |
|                         | <u>1100 Hatchell Lane</u>      |               |                        |
|                         | Police Station and             |               |                        |
|                         | Jail Facility                  | \$ 250,000    |                        |
|                         | Contents                       | \$ 20,000     | 7/01/06                |
|                         | <u>447 Lamm Street</u>         |               |                        |
|                         | Animal Control Center          |               |                        |
|                         | Building                       | \$ 16,000     | 7/01/06                |
|                         | <u>600-C Bowman Street</u>     |               |                        |

See auditor's report.

## STATISTICAL SECTION

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

| Contents | Page |
|----------|------|
|----------|------|

|                  |    |
|------------------|----|
| Financial Trends | 92 |
|------------------|----|

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 | 100 |
|------------------|-----|

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

|               |     |
|---------------|-----|
| Debt Capacity | 105 |
|---------------|-----|

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 | 113 |
|--------------------------------------|-----|

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 | 115 |
|-----------------------|-----|

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 ASSETS BY COMPONENTS

Last Five Fiscal Years  
(Accrual Basis of Accounting)

|   | Fiscal Year          |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2002                 | 2003                 | 2004                 | 2005                 | 2006                 |
| <b>Governmental Activities:</b>         |                      |                      |                      |                      |                      |
| Invested in Capital Assets -            |                      |                      |                      |                      |                      |
| Net of Related Debt                     | \$ 6,560,926         | \$ 6,941,960         | \$ 6,779,590         | \$ 6,490,262         | \$ 6,228,263         |
| Restricted                              | 489,762              | 496,392              | 508,826              | 536,679              | 557,781              |
| Unrestricted                            | 3,079,095            | 2,575,291            | 2,485,603            | 2,880,946            | 4,335,029            |
| <b>Total Governmental Activities -</b>  |                      |                      |                      |                      |                      |
| Net Assets                              | <u>\$ 10,129,783</u> | <u>\$ 10,013,643</u> | <u>\$ 9,774,019</u>  | <u>\$ 9,907,887</u>  | <u>\$ 11,121,073</u> |
| <b>Business-Type Activities</b>         |                      |                      |                      |                      |                      |
| Invested in Capital Assets -            |                      |                      |                      |                      |                      |
| Net of Related Debt                     | \$ 7,225,602         | \$ 7,090,127         | \$ 15,204,106        | \$ 15,123,675        | \$ 15,086,106        |
| Restricted                              | -                    | -                    | -                    | -                    | -                    |
| Unrestricted                            | 10,447,753           | 9,356,563            | 502,195              | 46,759               | 329,607              |
| <b>Total Business-Type Activities -</b> |                      |                      |                      |                      |                      |
| Net Assets                              | <u>\$ 17,673,355</u> | <u>\$ 16,446,690</u> | <u>\$ 15,706,301</u> | <u>\$ 15,170,434</u> | <u>\$ 15,415,713</u> |
| <b>Primary Government:</b>              |                      |                      |                      |                      |                      |
| Invested in Capital Assets -            |                      |                      |                      |                      |                      |
| Net of Related Debt                     | \$ 13,786,528        | \$ 14,032,087        | \$ 21,983,696        | \$ 21,613,937        | \$ 21,314,369        |
| Restricted                              | 489,762              | 496,392              | 508,826              | 536,679              | 557,781              |
| Unrestricted                            | 13,526,848           | 11,931,854           | 2,987,798            | 2,927,705            | 4,664,636            |
| <b>Total Primary Government -</b>       |                      |                      |                      |                      |                      |
| Net Assets                              | <u>\$ 27,803,138</u> | <u>\$ 26,460,333</u> | <u>\$ 25,480,320</u> | <u>\$ 25,078,321</u> | <u>\$ 26,536,786</u> |

The City of Denham Springs adopted the provisions of GASB 34 beginning July 1, 2001.

## CITY OF DENHAM SPRINGS

CHANGE IN NET ASSETS

Last Five Fiscal Years  
(Accrual Basis of Accounting)

|  | Fiscal Year    |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|
|  | 2002           | 2003           | 2004           | 2005           | 2006           |
| <b>Expenses</b>  |                |                |                |                |                |
| Governmental Activities:                                   |                |                |                |                |                |
| General Government   | \$ 1,477,139   | \$ 1,703,420   | \$ 1,724,664   | \$ 1,633,653   | \$ 1,665,220   |
| Public Safety  | 3,672,912      | 4,025,923      | 4,697,707      | 4,647,126      | 5,132,885      |
| Highways and Streets                                       | 1,374,390      | 1,415,359      | 1,087,286      | 1,605,126      | 1,479,561      |
| Health   | 29,098         | 27,768         | 47,841         | 79,185         | 83,613         |
| Culture and Recreation                                     | 77,645         | 32,891         | 28,786         | 16,129         | 6,364          |
| Interest on Special Assessment Certificate of Indebtedness | 1,545          | 773            | 4,941          | 4,831          | 3,591          |
| Total Governmental Activities Expenses                     | 6,632,729      | 7,206,134      | 7,591,225      | 7,986,050      | 8,371,234      |
| Business-Type Activities                                   |                |                |                |                |                |
| Gas  | 2,336,007      | 2,574,406      | 2,900,226      | 3,115,223      | 4,094,315      |
| Water  | 867,579        | 979,032        | 1,111,721      | 1,135,918      | 1,227,451      |
| Sewer  | 1,018,507      | 1,919,226      | 1,453,480      | 1,457,006      | 1,421,191      |
| Sanitation   | 612,943        | 599,626        | 603,848        | 643,577        | 690,826        |
| Total Business-Type Activities                             | 4,835,036      | 6,072,290      | 6,069,275      | 6,351,724      | 7,433,783      |
| Total Primary Government Expenses                          | \$ 11,467,765  | \$ 13,278,424  | \$ 13,660,500  | \$ 14,337,774  | \$ 15,805,017  |
| <b>Program Revenues</b>                                    |                |                |                |                |                |
| Governmental Activities:                                   |                |                |                |                |                |
| Charges for Services:                                      |                |                |                |                |                |
| Public Safety  | \$ 501,648     | \$ 585,517     | \$ 437,093     | \$ 535,046     | \$ 582,442     |
| Highways and Streets                                       | 13,364         | 13,364         | 13,364         | 13,364         | 13,364         |
| Culture and Recreation                                     | 21,536         | -              | -              | -              | -              |
| Operating Grants and Contributions                         | 296,013        | 327,247        | 303,567        | 301,763        | 794,018        |
| Capital Grants and Contributions                           | 47,907         | 155,665        | 389            | 295,044        | 103,925        |
| Total Governmental Activities Program Revenues             | 880,468        | 1,081,793      | 754,413        | 1,145,217      | 1,493,749      |
| Business-Type Activities                                   |                |                |                |                |                |
| Charges for Services                                       | 4,823,164      | 4,711,441      | 5,116,239      | 5,634,304      | 6,940,905      |
| Operating Grants and Contributions                         | -              | -              | -              | -              | 183,981        |
| Capital Grants and Contributions                           | 32,935         | 45,666         | 179,507        | 32,105         | 83,576         |
| Total Business-Type Activities Program Revenues            | 4,856,099      | 4,757,107      | 5,295,746      | 5,666,409      | 7,208,462      |
| Total Primary Government Programs Revenues                 | \$ 5,736,567   | \$ 5,838,900   | \$ 6,050,159   | \$ 6,811,626   | \$ 8,702,211   |
| <b>Net Expense/Revenue</b>                                 |                |                |                |                |                |
| Governmental Activities                                    | \$ (5,752,261) | \$ (6,124,341) | \$ (6,836,812) | \$ (6,840,833) | \$ (6,877,485) |
| Business-Type Activities                                   | 21,063         | (1,315,183)    | (773,529)      | (685,315)      | (225,321)      |
| Total Primary Government Net Expense                       | \$ (5,731,198) | \$ (7,439,524) | \$ (7,610,341) | \$ (7,526,148) | \$ (7,102,806) |

(CONTINUED)

**CITY OF DENHAM SPRINGS**

**CHANGE IN NET ASSETS - CONTINUED**

Last Five Fiscal Years  
(Accrual Basis of Accounting)

| General Revenues and Other Changes In Net Asset                    | Fiscal Year         |                       |                     |                     |                     |
|--|---------------------|-----------------------|---------------------|---------------------|---------------------|
|  | 2002                | 2003                  | 2004                | 2005                | 2006                |
| <b>Governmental Activities:</b>                                    |                     |                       |                     |                     |                     |
| Taxes  |                     |                       |                     |                     |                     |
| Property   | \$ 159,204          | \$ 163,898            | \$ 169,727          | \$ 185,288          | \$ 184,153          |
| Sales  | 4,193,182           | 4,316,289             | 4,837,302           | 5,121,821           | 6,271,458           |
| Occupational and permits   | 627,006             | 681,773               | 718,200             | 775,811             | 824,833             |
| Franchise  | 536,375             | 600,028               | 663,061             | 659,478             | 831,587             |
| Other Grants and Contributions not Restricted to Specific Programs | 204,170             | 122,602               | 169,313             | 192,417             | 217,156             |
| Interest Income  | 87,980              | 49,432                | 37,059              | 47,348              | 91,202              |
| Transfer from Component Unit                                       | -                   | -                     | -                   | 42,538              | -                   |
| Transfers  | -                   | -                     | -                   | (50,000)            | (329,718)           |
| Gain on Sale of Asset  | 5452                | 6163                  | 2526                | -                   | -                   |
| Increase in Infrastructure Due to Annexation                       | -                   | 68,016                | -                   | -                   | -                   |
| <b>Total Governmental Activities Expenses</b>                      | <b>5,813,369</b>    | <b>6,008,201</b>      | <b>6,597,188</b>    | <b>6,974,701</b>    | <b>8,090,671</b>    |
| <b>Business-Type Activities:</b>                                   |                     |                       |                     |                     |                     |
| Other Grants and Contributions not Restricted to Specific Programs | 42,739              | 38,558                | 17,399              | 70,547              | 81,479              |
| Interest Income  | 96,520              | 49,960                | 15,741              | 28,901              | 59,403              |
| Transfers  | -                   | -                     | -                   | 50,000              | 329,718             |
| <b>Total Business-Type Activities</b>                              | <b>139,259</b>      | <b>88,518</b>         | <b>33,140</b>       | <b>149,448</b>      | <b>470,600</b>      |
| <b>Total Primary Government</b>                                    | <b>\$ 5,952,628</b> | <b>\$ 6,096,719</b>   | <b>\$ 6,630,328</b> | <b>\$ 7,124,149</b> | <b>\$ 8,561,271</b> |
| <b>Change in Net Assets</b>  |                     |                       |                     |                     |                     |
| Governmental Activities  | \$ 61,108           | \$ (116,140)          | \$ (239,624)        | \$ 133,868          | \$ 1,213,186        |
| Business-Type Activities   | 160,322             | (1,226,665)           | (740,389)           | (535,867)           | 245,279             |
| <b>Total Primary Government</b>                                    | <b>\$ 221,430</b>   | <b>\$ (1,342,805)</b> | <b>\$ (980,013)</b> | <b>\$ (401,999)</b> | <b>\$ 1,458,465</b> |

# CITY OF DENHAM SPRINGS

## FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

|                                    | Fiscal Year         |                     |                     |                     |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                    | 1997                | 1998                | 1999                | 2000                |
| General Fund                       |                     |                     |                     |                     |
| Reserved                           | \$ 80,344           | \$ 38,597           | \$ 50,290           | \$ -                |
| Unreserved                         | 1,791,946           | 1,377,029           | 1,519,446           | 2,087,010           |
| Total General Fund                 | <u>\$ 1,872,290</u> | <u>\$ 1,415,626</u> | <u>\$ 1,569,736</u> | <u>\$ 2,087,010</u> |
| All Other Governmental Funds       |                     |                     |                     |                     |
| Reserved                           | \$ 363,842          | \$ 396,861          | \$ 422,205          | \$ 445,956          |
| Unreserved, reported in            |                     |                     |                     |                     |
| Debt Service Funds                 | -                   | -                   | -                   | -                   |
| Capital Projects Funds             | 21,066              | 1,019,985           | 1,055,377           | 582,825             |
| Special Revenue Funds              | -                   | -                   | -                   | -                   |
| Total All Other Governmental Funds | <u>\$ 384,908</u>   | <u>\$ 1,416,846</u> | <u>\$ 1,477,582</u> | <u>\$ 1,028,781</u> |

Schedule 4

| Fiscal Year         |                     |                     |                     |                     |                     |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2001                | 2002                | 2003                | 2004                | 2005                | 2006                |
| \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                |
| 2,824,510           | 2,556,216           | 2,144,650           | 1,976,136           | 2,522,300           | 3,983,508           |
| <u>\$ 2,824,510</u> | <u>\$ 2,556,216</u> | <u>\$ 2,144,650</u> | <u>\$ 1,976,136</u> | <u>\$ 2,522,300</u> | <u>\$ 3,983,508</u> |
|                     |                     |                     |                     |                     |                     |
| \$ 478,888          | \$ 489,762          | \$ 496,392          | \$ 508,826          | \$ 536,679          | \$ 557,781          |
| 791                 | 921                 | 2,664               | 3,112               | 3,114               | 3,148               |
| 498,055             | 789,062             | 678,527             | 769,330             | 553,876             | 503,665             |
| -                   | -                   | -                   | -                   | 44,415              | 48,544              |
| <u>\$ 977,734</u>   | <u>\$ 1,279,745</u> | <u>\$ 1,177,583</u> | <u>\$ 1,281,268</u> | <u>\$ 1,138,084</u> | <u>\$ 1,113,138</u> |

# CITY OF DENHAM SPRINGS

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

|  | Fiscal Year         |                   |                   |                  |                   |
|--|---------------------|-------------------|-------------------|------------------|-------------------|
|  | 1997                | 1998              | 1999              | 2000             | 2001              |
| <b>Revenues:</b>   |                     |                   |                   |                  |                   |
| Taxes  | \$ 4,001,014        | \$ 4,166,264      | \$ 4,521,898      | \$ 4,908,105     | \$ 4,811,962      |
| Licenses and Permits   | 549,065             | 543,224           | 625,763           | 658,740          | 603,394           |
| Fines and Forfeits   | 173,708             | 191,915           | 174,827           | 205,178          | 260,226           |
| Interest   | 142,514             | 135,471           | 109,341           | 145,840          | 165,745           |
| Fees   | 171,282             | 184,370           | 207,616           | 212,102          | 209,339           |
| Intergovernmental  | 256,194             | 1,529,787         | 693,271           | 337,467          | 450,262           |
| Special Assessments  | 14,670              | 9,977             | 8,419             | 7,081            | 6,831             |
| Miscellaneous  | 133,840             | 118,830           | 131,715           | 183,617          | 144,750           |
| <b>Total Revenues</b>  | <b>5,442,287</b>    | <b>6,879,838</b>  | <b>6,472,850</b>  | <b>6,658,130</b> | <b>6,652,509</b>  |
| <b>Expenditures:</b>   |                     |                   |                   |                  |                   |
| Current:   |                     |                   |                   |                  |                   |
| General Government   | 1,035,058           | 1,134,593         | 1,144,816         | 1,404,705        | 1,394,742         |
| Public Safety  | 2,503,210           | 2,662,443         | 2,801,364         | 3,151,595        | 3,528,464         |
| Highways and Streets   | 881,121             | 782,805           | 820,329           | 1,057,353        | 1,174,442         |
| Health   | 18,723              | 24,695            | 36,144            | 33,450           | 25,954            |
| Culture and Recreation   | 17,083              | 48,462            | 56,570            | 115,873          | 62,994            |
| Capital Outlay   |                     |                   |                   |                  |                   |
| Public Safety  | -                   | -                 | -                 | -                | -                 |
| Highways and Streets   | 1,132,330           | 1,644,549         | 1,394,543         | 828,089          | 126,940           |
| Debt Service:  |                     |                   |                   |                  |                   |
| Principal Retirement   | 13,321              | 13,321            | 13,321            | 13,321           | 13,321            |
| Interest   | 5,581               | 4,736             | 3,896             | 3,057            | 2,311             |
| <b>Total Expenditures</b>  | <b>5,606,427</b>    | <b>6,315,604</b>  | <b>6,270,983</b>  | <b>6,607,443</b> | <b>6,329,168</b>  |
| <b>Excess of Revenues Over (Under)</b>                             |                     |                   |                   |                  |                   |
| Expenditures   | (164,140)           | 564,234           | 201,867           | 50,687           | 323,341           |
| <b>Other Financing Sources (Uses)</b>                              |                     |                   |                   |                  |                   |
| Capital Leases   | -                   | -                 | -                 | -                | -                 |
| Proceeds From Sale of Fixed A                                      | 6,839               | 11,040            | 12,979            | 17,786           | 31,610            |
| Transfers In   | 429,918             | 1,426,500         | 1,121,210         | 280,000          | -                 |
| Transfers Out  | (629,918)           | (1,426,500)       | (1,121,210)       | (280,000)        | -                 |
| <b>Total Other Financing Sourc</b>                                 | <b>(193,161)</b>    | <b>11,040</b>     | <b>12,979</b>     | <b>17,786</b>    | <b>31,610</b>     |
| <b>Net Change in Fund Balances</b>                                 | <b>\$ (357,301)</b> | <b>\$ 575,274</b> | <b>\$ 214,846</b> | <b>\$ 68,473</b> | <b>\$ 354,951</b> |
| <b>Debt Service as a Percentage of<br/>Noncapital Expenditures</b> | <b>0.42%</b>        | <b>0.39%</b>      | <b>0.35%</b>      | <b>0.28%</b>     | <b>0.25%</b>      |

Schedule 5

| <u>2002</u>      | <u>2003</u>         | <u>2004</u>        | <u>2005</u>       | <u>2006</u>         |
|------------------|---------------------|--------------------|-------------------|---------------------|
| \$ 4,935,933     | \$ 5,118,463        | \$ 5,711,381       | \$ 6,006,744      | \$ 7,328,233        |
| 627,006          | 681,773             | 718,200            | 775,811           | 824,833             |
| 244,035          | 268,883             | 308,716            | 401,421           | 431,280             |
| 86,462           | 48,775              | 36,305             | 46,198            | 90,170              |
| 219,340          | 227,467             | 30,237             | 136,931           | 150,263             |
| 318,733          | 352,169             | 330,805            | 626,452           | 933,814             |
| 3,907            | 2,894               | 389                | -                 | -                   |
| 250,825          | 314,599             | 212,076            | 132,673           | 151,228             |
| <u>6,686,241</u> | <u>7,015,023</u>    | <u>7,348,109</u>   | <u>8,126,230</u>  | <u>9,909,821</u>    |
| 1,428,228        | 1,685,298           | 1,678,063          | 1,553,124         | 1,592,712           |
| 3,684,433        | 3,863,753           | 4,449,788          | 4,493,449         | 5,123,758           |
| 1,325,671        | 1,087,427           | 1,116,727          | 1,067,247         | 1,134,207           |
| 29,098           | 27,768              | 47,841             | 79,185            | 83,613              |
| 77,645           | 32,891              | 28,786             | 16,129            | 6,364               |
| -                | 203,158             | 113,258            | -                 | -                   |
| 110,699          | 620,525             | 123,627            | 468,423           | 164,956             |
| 13,321           | 13,321              | 26,918             | 33,400            | 34,640              |
| 1,545            | 773                 | 4,941              | 4,831             | 3,591               |
| <u>6,670,640</u> | <u>7,534,914</u>    | <u>7,589,949</u>   | <u>7,715,788</u>  | <u>8,143,841</u>    |
| 15,601           | (519,891)           | (241,840)          | 410,442           | 1,765,980           |
| -                | -                   | 174,485            | -                 | -                   |
| 18,116           | 6,163               | 2,526              | -                 | -                   |
| 485,700          | 551,755             | 320,000            | 42,538            | -                   |
| <u>(485,700)</u> | <u>(551,755)</u>    | <u>(320,000)</u>   | <u>(50,000)</u>   | <u>(329,718)</u>    |
| 18,116           | 6,163               | 177,011            | (7,462)           | (329,718)           |
| <u>\$ 33,717</u> | <u>\$ (513,728)</u> | <u>\$ (64,829)</u> | <u>\$ 402,980</u> | <u>\$ 1,436,262</u> |
| <u>0.23%</u>     | <u>0.21%</u>        | <u>0.44%</u>       | <u>0.53%</u>      | <u>0.48%</u>        |

## CITY OF DENHAM SPRINGS

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

| <u>Fiscal<br/>Year</u> | <u>Property<br/>Tax</u> | <u>Sales<br/>Tax</u> | <u>Franchise<br/>Tax</u> | <u>Occupational<br/>Licenses<br/>and Permits</u> | <u>Total</u> |
|------------------------|-------------------------|----------------------|--------------------------|--|--------------|
| 1997                   | \$ 131,255              | \$ 3,182,993         | \$ 435,457               | \$ 549,065                                       | \$ 4,298,770 |
| 1998                   | 126,772                 | 3,334,669            | 458,354                  | 543,224  | 4,463,019    |
| 1999                   | 138,954                 | 3,655,439            | 464,695                  | 625,763  | 4,884,851    |
| 2000                   | 135,970                 | 4,149,183            | 527,970                  | 658,740  | 5,471,863    |
| 2001                   | 163,471                 | 4,061,946            | 550,382                  | 603,394  | 5,379,193    |
| 2002                   | 159,204                 | 4,193,182            | 536,375                  | 627,006  | 5,515,767    |
| 2003                   | 163,898                 | 4,316,289            | 600,028                  | 681,773  | 5,761,988    |
| 2004                   | 169,727                 | 4,837,302            | 663,061                  | 718,200  | 6,388,290    |
| 2005                   | 185,288                 | 5,121,821            | 659,478                  | 775,811  | 6,742,398    |
| 2006                   | 184,153                 | 6,271,458            | 831,587                  | 824,833  | 8,112,031    |



## CITY OF DENHAM SPRINGS

ASSESSED AND ESTIMATED ACTUAL VALUE  
OF TAXABLE PROPERTY

Last Ten Years

| <u>Year</u> | <u>Assessed<br/>Value</u> | <u>Estimated<br/>Actual Value</u> | <u>Ratio of Total<br/>Assessed Value<br/>to Total Estimated<br/>Actual Value*</u> |
|-------------|---------------------------|-----------------------------------|---|
| 1997        | \$ 31,914,520             | \$ 290,132,000                    | 11%   |
| 1998        | 31,439,890                | 285,817,200                       | 11  |
| 1999        | 34,161,710                | 310,561,000                       | 11  |
| 2000        | 36,113,430                | 328,303,900                       | 11  |
| 2001        | 45,968,510                | 417,895,550                       | 11  |
| 2002        | 47,502,340                | 431,839,450                       | 11  |
| 2003        | 48,325,460                | 439,322,364                       | 11  |
| 2004        | 53,467,960                | 486,072,364                       | 11  |
| 2005        | 62,106,950                | 564,608,636                       | 11  |
| 2006        | 63,370,620                | 576,096,545                       | 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

| <u>City of Denham Springs</u> |                              |                               |                   | <u>Parish Special Districts</u> |                                   |   |  | <u>Total<br/>Parish<br/>Millage</u> |
|-------------------------------|------------------------------|-------------------------------|-------------------|---------------------------------|-----------------------------------|---|--|-------------------------------------|
| <u>Fiscal<br/>Year</u>        | <u>Operating<br/>Millage</u> | <u>Total City<br/>Millage</u> | <u>Parishwide</u> | <u>Drainage<br/>District #1</u> | <u>Recreation<br/>District #3</u> | <u>Law<br/>Enforcement<br/>District</u> | <u>Juvenile<br/>Detention<br/>Center</u> |                                     |
| 1997                          | 4.10                         | 4.10                          | 44.98             | 7.03                            | 30.00                             | 12.51                                   | 3.00                                     | 97.52                               |
| 1998                          | 4.10                         | 4.10                          | 44.98             | 5.03                            | 20.00                             | 12.51                                   | 3.00                                     | 85.52                               |
| 1999                          | 4.10                         | 4.10                          | 42.09             | 4.53                            | 18.00                             | 12.51                                   | 3.00                                     | 80.13                               |
| 2000                          | 4.10                         | 4.10                          | 42.09             | 4.53                            | 18.00                             | 12.51                                   | 3.00                                     | 80.13                               |
| 2001                          | 3.44                         | 3.44                          | 40.37             | 3.66                            | 20.00                             | 12.51                                   | 3.00                                     | 79.54                               |
| 2002                          | 3.44                         | 3.44                          | 39.64             | 5.00                            | 18.00                             | 12.51                                   | 3.00                                     | 78.15                               |
| 2003                          | 3.44                         | 3.44                          | 40.64             | 5.00                            | 20.00                             | 12.51                                   | 3.00                                     | 81.15                               |
| 2004                          | 3.13                         | 3.13                          | 42.09             | 5.00                            | 20.00                             | 12.51                                   | 3.00                                     | 82.60                               |
| 2005                          | 3.00                         | 3.00                          | 40.67             | 4.60                            | 16.49                             | 12.51                                   | 3.00                                     | 77.27                               |
| 2006                          | 2.92                         | 2.92                          | 42.98             | 4.60                            | 16.49                             | 12.51                                   | 3.00                                     | 79.58                               |

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

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

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

## Livingston Parish School Board

| <u>Operational<br/>Millage</u> | <u>Additional<br/>Support<br/>Millage</u> | <u>Maintenance<br/>Millage</u> | <u>Construction<br/>Millage</u> | <u>Debt<br/>Service<br/>Millage</u> | <u>Total<br/>School<br/>Millages</u> | <u>Total Direct and<br/>Overlapping Rates</u> |
|--------------------------------|---|--------------------------------|---------------------------------|-------------------------------------|--------------------------------------|---|
| 3.29                           | 7.18                                      | 7.00                           | 5.00                            | 53.29                               | 75.76                                | 177.38  |
| 3.29                           | 7.18                                      | 7.00                           | 5.00                            | 41.87                               | 64.34                                | 153.96  |
| 3.29                           | 7.18                                      | 7.00                           | 5.00                            | 33.64                               | 56.11                                | 140.34  |
| 3.29                           | 7.18                                      | 7.00                           | 5.00                            | 28.22                               | 50.69                                | 134.92  |
| 3.29                           | 7.18                                      | 7.00                           | 5.00                            | 24.16                               | 46.63                                | 129.61  |
| 3.29                           | 7.18                                      | 7.00                           | 5.00                            | 19.25                               | 41.72                                | 123.31  |
| 3.29                           | 7.18                                      | 7.00                           | 5.00                            | 15.54                               | 38.01                                | 122.60  |
| 3.29                           | 7.18                                      | 7.00                           | 5.00                            | 14.85                               | 37.32                                | 123.05  |
| 3.29                           | 7.18                                      | 7.00                           | 5.00                            | 10.50                               | 32.97                                | 113.24  |
| 3.29                           | 7.18                                      | 7.00                           | 5.00                            | 7.10                                | 29.57                                | 112.07  |

## CITY OF DENHAM SPRINGS

PRINCIPAL PROPERTY TAXPAYERS

JUNE 30, 2006

| Rank | Name of Taxpayer             | Type of Business | 2006                  |  |
|------|------------------------------|------------------|-----------------------|--|
|      |                              |                  | Assessed<br>Valuation | Percentage of<br>Total Taxable<br>Assessed Value |
| 1    | Walmart/Brentwood Investors  | Retail           | \$ 2,882,820          | 4.55%  |
| 2    | Bellsouth Telecommunications | Public Utility   | 2,684,840             | 4.24   |
| 3    | Hancock Bank of Louisiana    | Bank             | 1,305,500             | 2.06   |
| 4    | Hibernia National Bank       | Bank             | 1,202,490             | 1.90   |
| 5    | All Star Dodge, Inc.         | Auto Dealership  | 1,160,670             | 1.83   |
| 6    | All Star Ford, Inc.          | Auto Dealership  | 939,190               | 1.48   |
| 7    | Entergy                      | Public Utility   | 505,010               | 0.80   |
| 8    | AM South Bank                | Bank             | 401,690               | 0.63   |
| 9    | Regions Bank                 | Bank             | 323,680               | 0.51   |
| 10   | Vulcan Foundary, Inc.        | Industrial       | 264,820               | 0.42   |
|      |                              |                  | <u>\$ 11,670,710</u>  | <u>18.42%</u>                                    |

Note: 1996 Values and Taxpayer Rank were not readily available.

Source: Livingston Parish Assessor's Office.

## CITY OF DENHAM SPRINGS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Year

| Fiscal Year<br>Ended June 30 | Total Tax<br>Levy For<br>Fiscal Year | Collected Within the<br>Fiscal Year of Levy |                       | Collections in<br>Subsequent<br>Years | Total Collections to Date |                       |
|------------------------------|--------------------------------------|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
|                              |                                      | Amount                                      | Percentage<br>of Levy |                                       | Amount                    | Percentage of<br>Levy |
| 1997                         | \$ 130,850                           | \$ 129,681                                  | 99.11                 | \$ 452                                | \$ 130,133                | 99.45                 |
| 1998                         | 128,904                              | 126,320                                     | 98.00                 | 4,545                                 | 130,865                   | 101.52                |
| 1999                         | 140,063                              | 137,644                                     | 98.27                 | 1,310                                 | 138,954                   | 99.21                 |
| 2000                         | 148,065                              | 134,660                                     | 90.95                 | 15,185                                | 149,845                   | 101.20                |
| 2001                         | 158,132                              | 148,286                                     | 93.77                 | 3,888                                 | 152,174                   | 96.23                 |
| 2002                         | 163,406                              | 155,316                                     | 95.05                 | 2,763                                 | 158,079                   | 96.74                 |
| 2003                         | 166,238                              | 161,135                                     | 96.93                 | 4,246                                 | 165,381                   | 99.48                 |
| 2004                         | 167,353                              | 165,481                                     | 98.88                 | 2,596                                 | 168,077                   | 100.43                |
| 2005                         | 186,321                              | 182,692                                     | 98.05                 | 5,963                                 | 188,655                   | 101.25                |
| 2006                         | 185,040                              | 178,190                                     | 96.30                 | -                                     | 178,190                   | 96.30                 |

# CITY OF DENHAM SPRINGS

## RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

| Fiscal<br>Year Ended<br>June 30 | Governmental Activities        |                                 |                  | Business - Type<br>Activities | Total<br>Primary<br>Government |
|---------------------------------|--------------------------------|---------------------------------|------------------|-------------------------------|--------------------------------|
|                                 | General<br>Obligation<br>Bonds | Certificates of<br>Indebtedness | Capital<br>Lease | Revenue Bonds                 |                                |
| 1997                            | \$ -                           | \$ 79,926                       | \$ -             | \$ 2,100,764                  | \$ 2,180,690                   |
| 1998                            | -                              | 66,605                          | -                | 1,968,028                     | 2,034,633                      |
| 1999                            | -                              | 53,284                          | -                | 1,514,446                     | 1,567,730                      |
| 2000                            | -                              | 39,963                          | -                | 1,295,008                     | 1,334,971                      |
| 2001                            | -                              | 26,642                          | -                | 1,069,541                     | 1,096,183                      |
| 2002                            | -                              | 13,321                          | -                | 842,877                       | 856,198                        |
| 2003                            | -                              | -                               | -                | 614,933                       | 614,933                        |
| 2004                            | -                              | -                               | 147,567          | 385,623                       | 533,190                        |
| 2005                            | -                              | -                               | 114,167          | 160,144                       | 274,311                        |
| 2006                            | -                              | -                               | 79,527           | -                             | 79,527                         |

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

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

Schedule 11

| <u>Percentage<br/>of Personal<br/>Income</u> | <u>Population<sup>1</sup></u> | <u>Per<br/>Capita</u> |
|--|-------------------------------|-----------------------|
| N/A  | 9,011                         | \$ 242.00             |
| N/A  | 9,171                         | 221.86                |
| N/A  | 9,248                         | 169.52                |
| N/A  | 9,175                         | 145.50                |
| N/A  | 8,757                         | 125.18                |
| N/A  | 8,883                         | 96.39                 |
| N/A  | 8,977                         | 68.50                 |
| N/A  | 9,913                         | 53.79                 |
| N/A  | 10,167                        | 26.98                 |
| N/A  | 10,217                        | 7.78                  |

## CITY OF DENHAM SPRINGS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

| <u>Fiscal<br/>Year</u> | <u>General<br/>Obligation<br/>Bonds</u> | <u>Less: Amounts<br/>Available in Debt<br/>Service Fund</u> | <u>Total</u> | <u>Percentage of<br/>Estimated<br/>Actual Taxable<br/>Value of<br/>Property</u> | <u>Per<br/>Capita</u> |
|------------------------|---|---|--------------|---|-----------------------|
| 1997                   | \$ -                                    | \$ -  | \$ -         | N/A   | N/A                   |
| 1998                   | -                                       | -   | -            | N/A   | N/A                   |
| 1999                   | -                                       | -   | -            | N/A   | N/A                   |
| 2000                   | -                                       | -   | -            | N/A   | N/A                   |
| 2001                   | -                                       | -   | -            | N/A   | N/A                   |
| 2002                   | -                                       | -   | -            | N/A   | N/A                   |
| 2003                   | -                                       | -   | -            | N/A   | N/A                   |
| 2004                   | -                                       | -   | -            | N/A   | N/A                   |
| 2005                   | -                                       | -   | -            | N/A   | N/A                   |
| 2006                   | -                                       | -   | -            | 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 page 114.



## CITY OF DENHAM SPRINGS

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

JUNE 30, 2006

|   |                           | Amounts In<br>Debt Service |                         | City of<br>Denham Springs                          |                     |
|---|---------------------------|----------------------------|-------------------------|--|---------------------|
|   | Gross Debt<br>Outstanding | Fund For<br>Principal      | Net Debt<br>Outstanding | Estimated<br>Percentage<br>Applicable <sup>1</sup> | Share of<br>Debt    |
| <u>GOVERNMENTAL UNIT - Direct Debt</u>                |                           |                            |                         |  |                     |
| City of Denham Springs                                | \$ -                      | \$ -                       | \$ -                    | 100%   | \$ -                |
| <u>OTHER GOVERNMENTAL AGENCIES - Overlapping Debt</u> |                           |                            |                         |  |                     |
| School District #1                                    | \$ 5,600,000              | \$ 245,685                 | \$ 5,354,315            | 48%  | \$ 2,570,071        |
| Jail Bonds  | 40,000                    | -                          | 40,000                  | 21%  | 8,400               |
| Library Bonds   | 8,845,000                 | 1,061,488                  | 7,783,512               | 21%  | 1,634,538           |
| Recreation District No. 3                             | 1,675,000                 | 338,539                    | 1,336,461               | 54%  | 721,689             |
| Total Other<br>Governmental<br>Agencies               | <u>\$ 16,160,000</u>      | <u>\$ 1,645,712</u>        | <u>\$ 14,514,288</u>    |  | <u>\$ 4,934,698</u> |
| Total Direct and<br>Overlapping<br>Debt               | <u>\$ 16,160,000</u>      | <u>\$ 1,645,712</u>        | <u>\$ 14,514,288</u>    |  | <u>\$ 4,934,698</u> |
| 2006 Population                                       |                           |                            |                         |  | <u>10,217</u>       |
| Per Capita  |                           |                            |                         |  | <u>\$ 482.99</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.

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

**CITY OF DENHAM SPRINGS**

**LEGAL DEBT MARGIN INFORMATION**

**Last Ten Years**

|  | <u>1997</u>         | <u>1998</u>         | <u>1999</u>         | <u>2000</u>         |
|--|---------------------|---------------------|---------------------|---------------------|
| Debt Limit   | \$ 3,191,452        | \$ 3,143,989        | \$ 3,416,171        | \$ 3,611,343        |
| Total Net Debt<br>Applicable to Limit  | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>            |
| Legal Debt Margin  | <u>\$ 3,191,452</u> | <u>\$ 3,143,989</u> | <u>\$ 3,416,171</u> | <u>\$ 3,611,343</u> |
| Total Net Debt Applicable<br>to the Limit as a Percentage<br>of the Debt Limit | <u>0.00%</u>        | <u>0.00%</u>        | <u>0.00%</u>        | <u>0.00%</u>        |

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

Schedule 14

| <u>2001</u>         | <u>2002</u>         | <u>2003</u>         | <u>2004</u>         | <u>2005</u>         | <u>2006</u>         |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 4,596,851        | \$ 4,750,234        | \$ 4,832,546        | \$ 5,346,796        | \$ 6,210,695        | \$ 6,337,620        |
| -                   | -                   | -                   | -                   | -                   | -                   |
| <u>\$ 4,596,851</u> | <u>\$ 4,750,234</u> | <u>\$ 4,832,546</u> | <u>\$ 5,346,796</u> | <u>\$ 6,210,695</u> | <u>\$ 6,337,620</u> |
| <u>0.00%</u>        | <u>0.00%</u>        | <u>0.00%</u>        | <u>0.00%</u>        | <u>0.00%</u>        | <u>0.00%</u>        |

Legal Debt Margin Calculation for Fiscal Year 2006

|   |                      |
|---|----------------------|
| Total Assessed Value  | <u>\$ 63,370,620</u> |
| Debt Limit (10% of Total Assessed Value)                    | \$ 6,337,062         |
| Less: Debt Applicable to Limit:<br>General Obligation Bonds | <u>-</u>             |
| Legal Debt Margin   | <u>\$ 6,337,062</u>  |

# CITY OF DENHAM SPRINGS

## PLEDGED REVENUE COVERAGE

Last Ten Years

| Year | Gross<br>Revenue | Other<br>Financial<br>Sources <sup>3</sup> | Expenses <sup>2</sup> | Utility Revenue Bonds            |              |            |
|------|------------------|--|-----------------------|----------------------------------|--------------|------------|
|      |                  |  |                       | Available<br>for Debt<br>Service | Debt Service |            |
|      |                  |  |                       |                                  | Principal    | Interest   |
| 1997 | \$ 3,960,407     | \$ 200,000                                 | \$ 3,038,828          | \$ 1,121,579                     | \$ 128,374   | \$ 241,685 |
| 1998 | 4,261,063        | -  | 3,176,498             | 1,084,565                        | 132,735      | 227,441    |
| 1999 | 4,006,415        | -  | 3,061,149             | 945,266                          | 453,582      | 124,029    |
| 2000 | 4,308,006        | -  | 3,349,639             | 958,367                          | 219,438      | 105,090    |
| 2001 | 5,819,138        | -  | 5,052,724             | 766,414                          | 225,467      | 89,182     |
| 2002 | 4,962,423        | -  | 4,127,525             | 834,898                          | 226,664      | 72,927     |
| 2003 | 4,799,959        | -  | 5,402,563             | (602,604)                        | 227,944      | 56,402     |
| 2004 | 5,149,379        | -  | 5,383,330             | (233,951)                        | 229,310      | 40,329     |
| 2005 | 5,733,752        | 50,000                                     | 5,687,654             | 96,098                           | 225,479      | 23,706     |
| 2006 | 7,265,768        | 329,718                                    | 6,764,455             | 831,031                          | 160,144      | 8,648      |

<sup>1</sup>Total Operating Revenues plus Non-Operating Revenues

<sup>2</sup>Total Operating Expenses plus Non-Operating Expenses less Depreciation and Debt Service Interest on Revenue Bonds

<sup>3</sup>Transfers In

| Special Assessment Certificates |          |                       |              |          |          |  |
|---------------------------------|----------|-----------------------|--------------|----------|----------|--|
| Total                           | Coverage | Special<br>Assessment | Debt Service |          | Coverage |  |
|                                 |          | Collections           | Principal    | Interest |          |  |
| \$ 370,059                      | 3.03     | \$ 14,112             | \$ 13,321    | \$ 4,736 | .78      |  |
| 360,176                         | 3.01     | 8,525                 | 13,321       | 3,896    | .50      |  |
| 577,611                         | 1.64     | 8,057                 | 13,321       | 3,057    | .49      |  |
| 324,528                         | 2.96     | 10,540                | 13,321       | 2,311    | .67      |  |
| 314,649                         | 2.44     | 6,830                 | 13,321       | 1,545    | .46      |  |
| 299,591                         | 2.79     | 3,907                 | 13,321       | 773      | .28      |  |
| 284,346                         | -        | 5,944                 | -            | -        | N/A      |  |
| 269,639                         | -        | 389                   | -            | -        | N/A      |  |
| 249,185                         | .39      | -                     | -            | -        | N/A      |  |
| 168,792                         | 4.92     | -                     | -            | -        | N/A      |  |

## CITY OF DENHAM SPRINGS

### DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Years

| <u>Year</u> | <u>Population<sup>1</sup></u> | <u>Personal<br/>Income<br/>(amounts<br/>expressed<br/>in thousands)</u> | <u>Per<br/>Capita<br/>Income<sup>2</sup></u> | <u>Median<br/>Age</u> | <u>Public<br/>School<br/>Enrollment<sup>4</sup></u> |
|-------------|-------------------------------|---|--|-----------------------|---|
| 1997        | 9,011                         | 159,900   | \$17,745                                     | N/A                   | 18,177  |
| 1998        | 9,171                         | 169,324   | 18,463                                       | N/A                   | 18,522  |
| 1999        | 9,248                         | 181,788   | 19,657                                       | N/A                   | 19,241  |
| 2000        | 9,175                         | 183,399   | 19,989                                       | N/A                   | 19,481  |
| 2001        | 8,757                         | 185,403   | 21,172                                       | N/A                   | 19,791  |
| 2002        | 8,883                         | 187,973   | 21,161                                       | N/A                   | 19,987  |
| 2003        | 8,977                         | 191,533   | 21,336                                       | N/A                   | 20,496  |
| 2004        | 9,913                         | 219,880   | 22,181                                       | N/A                   | 20,898  |
| 2005        | 10,167                        | N/A   | N/A  | N/A                   | 21,561  |
| 2006        | 10,217                        | N/A   | N/A  | N/A                   | 23,141  |

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

<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.

N/A - Not readily available at this time.

Schedule 16

| Unemployment<br>Livingston<br>Parish <sup>3</sup> | Education<br>Level in<br>Years of<br>Formal<br>Education | Unemployment<br>Labor<br>Market Area <sup>3</sup> |
|---|--|---|
| 7.5%  | N/A  | 5.8%  |
| 6.1   | N/A  | 5.3   |
| 5.4   | N/A  | 4.6   |
| 5.0   | N/A  | 4.0   |
| 6.1   | N/A  | 4.6   |
| 6.1   | N/A  | 5.4   |
| 6.7   | N/A  | 5.6   |
| 7.4   | N/A  | 6.2   |
| 6.3   | N/A  | 6.1   |
| 6.1   | N/A  | 6.7   |

# CITY OF DENHAM SPRINGS

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

Last Ten Fiscal Years

| Function                                   | Full-time Equivalent Employees as of June 30 |            |            |            |            |
|--|--|------------|------------|------------|------------|
|  | 1997   | 1998       | 1999       | 2000       | 2001       |
| <b>General Government:</b>                 |  |            |            |            |            |
| General Provisions                         | 10   | 10         | 10         | 11         | 11         |
| Cemetery                                   | 2  | 2          | 2          | 2          | 2          |
| Business License and Permit                | 2  | 2          | 2          | 2          | 1          |
| Ward II Court                              | 1  | 1          | 1          | 1          | 1          |
| Planning and Zoning                        | 4  | 4          | 3          | 4          | 4          |
| Landscaping                                | -  | -          | -          | -          | -          |
| <b>Public Safety:</b>                      |  |            |            |            |            |
| Animal Control                             | 1  | 1          | 1          | 1          | 2          |
| Firemen                                    | 21   | 21         | 18         | 20         | 21         |
| Policemen                                  | 26   | 26         | 26         | 27         | 27         |
| Police Communications                      | 10   | 10         | 10         | 11         | 12         |
| Police Administrative Staff                | 3  | 3          | 4          | 3          | 3          |
| Police Crossing Guards                     | 2  | 2          | 2          | 2          | 2          |
| Litter Control                             | -  | -          | -          | -          | -          |
| <b>Public Works:</b>                       |  |            |            |            |            |
| Street                                     | 18   | 18         | 18         | 20         | 19         |
| <b>Culture and Recreation:</b>             |  |            |            |            |            |
| Main Street Director                       | -  | -          | 1          | 1          | 1          |
| <b>Public Utilities:</b>                   |  |            |            |            |            |
| Natural Gas, Water and Sewer               | 32   | 32         | 32         | 33         | 35         |
| <b>Motor Pool:</b>                         |  |            |            |            |            |
| Mechanics                                  | 1  | 1          | 1          | 1          | 2          |
| Total Full-time Equivalent                 | <u>133</u>                                   | <u>133</u> | <u>131</u> | <u>139</u> | <u>143</u> |
| Total Full-time and<br>Part-time Employees | <u>139</u>                                   | <u>139</u> | <u>136</u> | <u>145</u> | <u>150</u> |

Note: Information provided by the City of Denham Springs.

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



Schedule 17

| Full-time Equivalent Employees as of June 30 |      |      |      |      |
|--|------|------|------|------|
| 2002   | 2003 | 2004 | 2005 | 2006 |
| 10   | 13   | 11   | 10   | 10   |
| 2  | 2    | 2    | 2    | 2    |
| 2  | 2    | 2    | 2    | 2    |
| 1  | 2    | 2    | 2    | 2    |
| 4  | 3    | 3    | 3    | 3    |
| -  | 2    | 2    | 2    | -    |
| 2  | 4    | 3    | 4    | 4    |
| 25   | 23   | 25   | 25   | 25   |
| 27   | 26   | 26   | 26   | 27   |
| 10   | 12   | 11   | 5    | 5    |
| 3  | 3    | 4    | 4    | 4    |
| 2  | 2    | 2    | 2    | 3    |
| -  | 1    | 1    | 1    | 1    |
| 23   | 17   | 14   | 14   | 15   |
| 1  | 1    | -    | -    | -    |
| 33   | 37   | 40   | 40   | 37   |
| 2  | 2    | 2    | 2    | 2    |
| 147  | 152  | 150  | 144  | 142  |
| 154  | 159  | 159  | 154  | 153  |

# CITY OF DENHAM SPRINGS

## OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

|  | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u>  |
|--|-------------|-------------|-------------|--------------|
| <b>General Government</b>                          |             |             |             |              |
| <b>Election Data</b>                               |             |             |             |              |
| Registered Voters                                  | N/A         | N/A         | N/A         | N/A          |
| Voters at polls                                    | N/A         | N/A         | N/A         | N/A          |
| Absentee ballots                                   | N/A         | N/A         | N/A         | N/A          |
| Percent Voting                                     | N/A         | N/A         | N/A         | N/A          |
| <b>Ward II Court</b>                               |             |             |             |              |
| <b>Court Cases</b>                                 |             |             |             |              |
| Civil  | 811         | 896         | 977         | 984          |
| Criminal   | 1,186       | 1,478       | 859         | 1,104        |
| Landlord and tenant (Included in Civil)            | -           | -           | -           | -            |
| Small Claims                                       | -           | -           | -           | -            |
| Traffic  | 4,965       | 4,498       | 5,003       | 6,066        |
| <b>Public Safety</b>                               |             |             |             |              |
| <b>Police Protection</b>                           |             |             |             |              |
| Adult arrests                                      | N/A         | N/A         | N/A         | N/A          |
| Civil infractions                                  | N/A         | N/A         | N/A         | N/A          |
| Group A Offenses                                   | N/A         | N/A         | N/A         | N/A          |
| Group B Offenses                                   | N/A         | N/A         | N/A         | N/A          |
| Accidents w/injury                                 | N/A         | N/A         | N/A         | N/A          |
| Juvenile arrest                                    | N/A         | N/A         | N/A         | N/A          |
| DWI  | N/A         | N/A         | N/A         | N/A          |
| Parking violations                                 | N/A         | N/A         | N/A         | N/A          |
| Criminal damage to property                        | N/A         | N/A         | N/A         | N/A          |
| Private property damage                            | N/A         | N/A         | N/A         | N/A          |
| Total traffic violations                           | N/A         | N/A         | N/A         | N/A          |
| <b>Fire Protection</b>                             |             |             |             |              |
| Fire   | N/A         | N/A         | 65          | 84           |
| Estimated Loss Due to Fire Incidents Reported      | N/A         | N/A         | \$ 405,720  | \$ 2,918,000 |
| Overpressure rupture, explosion, overhear (no fire | N/A         | N/A         | 5           | 5            |
| Rescue & Emergency Medical Service Incident        | N/A         | N/A         | 971         | 947          |
| Hazardous Condition (No Fire)                      | N/A         | N/A         | 39          | 38           |
| Service Call                                       | N/A         | N/A         | 100         | 86           |
| Good Intent Call                                   | N/A         | N/A         | 63          | 48           |
| False Alarm & False Call                           | N/A         | N/A         | 66          | 84           |
| Severe Weather & Natural Disaster                  | N/A         | N/A         | -           | -            |
| Special Incident Type                              | N/A         | N/A         | 4           | -            |

(CONTINUED)

Schedule 18

| <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u>  | <u>2005</u> | <u>2006</u> |
|-------------|-------------|-------------|--------------|-------------|-------------|
| N/A         | N/A         | N/A         | 5,812        | 5,886       | 6,413       |
| N/A         | N/A         | N/A         | 2,022        | 907         | 1,470       |
| N/A         | N/A         | N/A         | 87           | 47          | 43          |
| N/A         | N/A         | N/A         | 36.30%       | 16.20%      | 23.60%      |
| 1,000       | 1,091       | 1,074       | 1,250        | 1,053       | N/A         |
| 3,442       | 4,818       | 5,215       | 5,763        | 6,847       | N/A         |
| -           | -           | -           | -            | -           | N/A         |
| -           | -           | -           | -            | -           | N/A         |
| 7,362       | 6,368       | 7,699       | 8,238        | 8,932       | N/A         |
| 761         | 724         | 681         | 613          | 874         | N/A         |
| N/A         | N/A         | N/A         | N/A          | N/A         | N/A         |
| 1,497       | 1,496       | 1,325       | 1,284        | 1,378       | N/A         |
| 386         | 378         | 441         | 308          | 412         | N/A         |
| 232         | 275         | 264         | 282          | 134         | N/A         |
| 144         | 110         | 90          | 74           | 122         | N/A         |
| 81          | 91          | 85          | 71           | 95          | N/A         |
| N/A         | N/A         | N/A         | N/A          | N/A         | N/A         |
| 268         | 269         | 127         | 151          | 123         | N/A         |
| N/A         | N/A         | N/A         | N/A          | N/A         | N/A         |
| 7,174       | 5,780       | 7,107       | 9,113        | 9,945       | N/A         |
| 86          | 52          | 51          | 64           | 62          | 64          |
| \$ 245,000  | \$ 308,950  | \$ 180,185  | \$ 1,176,205 | \$ 409,000  | \$ 152,600  |
| 4           | 1           | 8           | 5            | 5           | 2           |
| 901         | 906         | 949         | 948          | 1,176       | 910         |
| 34          | 48          | 36          | 38           | 65          | 21          |
| 68          | 105         | 101         | 89           | 115         | 72          |
| 52          | 48          | 65          | 87           | 140         | 131         |
| 63          | 59          | 63          | 76           | 117         | 75          |
| 2           | -           | -           | 2            | 3           | 2           |
| 1           | 2           | 3           | 2            | -           | -           |

# CITY OF DENHAM SPRINGS

## OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

|  | 1997    | 1998    | 1999    | 2000    |
|--|---------|---------|---------|---------|
| <b>Natural Gas Services</b>  |         |         |         |         |
| <b>Customers</b>   | 4,255   | 4,299   | 4,372   | 4,462   |
| Inside - Residential   | N/A     | N/A     | N/A     | N/A     |
| Inside - Commercial/Industrial   | N/A     | N/A     | N/A     | N/A     |
| Outside - Residential  | N/A     | N/A     | N/A     | N/A     |
| Outside - Commercial/Industrial  | N/A     | N/A     | N/A     | N/A     |
| <b>Natural Gas (in million cubic feet (MCF))</b>   |         |         |         |         |
| Purchased from LA Municipal Gas Authority (LMGA)   | 257,287 | 284,359 | 253,523 | 265,120 |
| Sold to customers  | 256,581 | 265,300 | 222,574 | 253,530 |
| <b>Rates</b>   |         |         |         |         |
| <b>Residential Customers inside the city</b>   |         |         |         |         |
| First 500 cubic feet or less   | \$ 5.63 | \$ 5.63 | \$ 5.63 | \$ 5.63 |
| Next 3,500 cubic feet at \$ per MCF  | \$ 6.36 | \$ 6.36 | \$ 6.36 | \$ 6.36 |
| Next 8,000 cubic feet at \$ per MCF  | \$ 6.26 | \$ 6.26 | \$ 6.26 | \$ 6.26 |
| Next 12,000 cubic feet at \$ per MCF   | \$ 6.16 | \$ 6.16 | \$ 6.16 | \$ 6.16 |
| <b>Residential Customers outside the city and all commercial customers inside and outside the city</b> |         |         |         |         |
| First 500 cubic feet or less   | \$ 6.03 | \$ 6.03 | \$ 6.03 | \$ 6.03 |
| Next 3,500 cubic feet at \$ per MCF  | \$ 6.76 | \$ 6.76 | \$ 6.76 | \$ 6.76 |
| Next 8,000 cubic feet at \$ per MCF  | \$ 6.66 | \$ 6.66 | \$ 6.66 | \$ 6.66 |
| Next 12,000 cubic feet at \$ per MCF   | \$ 6.56 | \$ 6.56 | \$ 6.56 | \$ 6.56 |
| <b>All customers inside and outside the city</b>   |         |         |         |         |
| Minimum monthly charge   |         |         |         |         |
| Monthly gas rate - cost of gas plus .50 cents per CCF (hundred cubic feet)                             |         |         |         |         |
| <b>Water Services</b>  |         |         |         |         |
| <b>Customers</b>   | 5,837   | 5,902   | 6,054   | 6,141   |
| Inside - Residential   | N/A     | N/A     | N/A     | N/A     |
| Inside - Commercial/Industrial   | N/A     | N/A     | N/A     | N/A     |
| Outside - Residential  | N/A     | N/A     | N/A     | N/A     |
| Outside - Commercial/Industrial  | N/A     | N/A     | N/A     | N/A     |
| <b>Water (per hundred gallons)</b>   |         |         |         |         |
| Sold to customers  | N/A     | N/A     | N/A     | N/A     |

(CONTINUED)

**Schedule 18**  
**(Continued)**

| <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u>  | <u>2005</u>  | <u>2006</u>  |
|-------------|-------------|-------------|--------------|--------------|--------------|
| 4,511       | 4,591       | 4,675       | 4,838        | 5,024        | 5,274        |
| N/A         | N/A         | N/A         | 2,307        | 2,295        | 2,257        |
| N/A         | N/A         | N/A         | 227          | 230          | 227          |
| N/A         | N/A         | N/A         | 2,248        | 2,438        | 2,732        |
| N/A         | N/A         | N/A         | 56           | 61           | 58           |
| 300,873     | 271,184     | 272,337     | 253,568      | 239,969      | 253,568      |
| 258,536     | 265,569     | 258,536     | 242,846      | 234,656      | 239,077      |
| \$ 5.63     | \$ 5.63     | \$ 5.63     | \$ 5.63      | RATES        | CHANGED      |
| \$ 6.36     | \$ 6.36     | \$ 6.36     | \$ 6.36      |              |              |
| \$ 6.26     | \$ 6.26     | \$ 6.26     | \$ 6.26      |              |              |
| \$ 6.16     | \$ 6.16     | \$ 6.16     | \$ 6.16      | SEE          | BELOW        |
| \$ 6.03     | \$ 6.03     | \$ 6.03     | \$ 6.03      | RATES        | CHANGED      |
| \$ 6.76     | \$ 6.76     | \$ 6.76     | \$ 6.76      |              |              |
| \$ 6.66     | \$ 6.66     | \$ 6.66     | \$ 6.66      |              |              |
| \$ 6.56     | \$ 6.56     | \$ 6.56     | \$ 6.56      | SEE          | BELOW        |
|             |             |             | \$ 5.63      | \$ 5.63      | \$ 5.63      |
|             |             |             | eff. 11-9-04 | eff. 11-9-04 | eff. 11-9-04 |
| 6,249       | 6,356       | 6,459       | 6,684        | 6,945        | 7,073        |
| N/A         | N/A         | N/A         | 3,397        | 3,412        | 3,393        |
| N/A         | N/A         | N/A         | 539          | 561          | 565          |
| N/A         | N/A         | N/A         | 2,697        | 2,911        | 3,052        |
| N/A         | N/A         | N/A         | 51           | 61           | 63           |
| N/A         | N/A         | N/A         | N/A          | 837,346      | 1,027,001    |

# CITY OF DENHAM SPRINGS

## OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

|  | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> |
|--|-------------|-------------|-------------|-------------|
| <b>Rates (amount billed customers)</b>   |             |             |             |             |
| <b>Inside the corporate limits</b>   |             |             |             |             |
| For the first 2,500 gallons monthly minimum charge<br>based on meter size - Refer to meter chart (A) |             |             |             |             |
| For every 1,000 gallons or part thereof<br>next 5,500 gallons  | \$ 1.00     | \$ 1.00     | \$ 1.00     | \$ 1.00     |
| For every 1,000 gallons or part thereof<br>next 17,000 gallons                                       | \$ 0.75     | \$ 0.75     | \$ 0.75     | \$ 0.75     |
| For every 1,000 gallons or part thereof<br>all over 25,000 gallons                                   | \$ 0.65     | \$ 0.65     | \$ 0.65     | \$ 0.65     |
| Flat fee for filling of swimming pool or tank truck<br>from fire hydrant by authorized personnel     | \$ 40.00    | \$ 40.00    | \$ 40.00    | \$ 40.00    |
| <b>Chart (A) - Monthly minimum charge</b>  |             |             |             |             |
| 5/8 inch   | \$ 5.50     | \$ 5.50     | \$ 5.50     | \$ 5.50     |
| 3/4 inch   | \$ 8.20     | \$ 8.20     | \$ 8.20     | \$ 8.20     |
| 1 inch   | \$ 13.70    | \$ 13.70    | \$ 13.70    | \$ 13.70    |
| 1 1/2 inch   | \$ 27.30    | \$ 27.30    | \$ 27.30    | \$ 27.30    |
| 2 inch   | \$ 43.70    | \$ 43.70    | \$ 43.70    | \$ 43.70    |
| 3 inch   | \$ 82.60    | \$ 82.60    | \$ 82.60    | \$ 82.60    |
| 4 inch   | \$ 137.80   | \$ 137.80   | \$ 137.80   | \$ 137.80   |
| 6 inch   | \$ 275.15   | \$ 275.15   | \$ 275.15   | \$ 275.15   |
| 8 inch   | \$ 550.00   | \$ 550.00   | \$ 550.00   | \$ 550.00   |
| <b>Outside the corporate limits</b>  |             |             |             |             |
| For the first 2,500 gallons monthly minimum charge<br>based on meter size - Refer to meter chart (B) |             |             |             |             |
| For every 1,000 gallons or part thereof<br>next 5,500 gallons  | \$ 1.20     | \$ 1.20     | \$ 1.20     | \$ 1.20     |
| For every 1,000 gallons or part thereof<br>next 17,000 gallons                                       | \$ 0.90     | \$ 0.90     | \$ 0.90     | \$ 0.90     |
| For every 1,000 gallons or part thereof<br>all over 25,000 gallons                                   | \$ 0.78     | \$ 0.78     | \$ 0.78     | \$ 0.78     |
| Flat fee for filling of swimming pool or tank truck<br>from fire hydrant by authorized personnel     | \$ 48.00    | \$ 48.00    | \$ 48.00    | \$ 48.00    |

(CONTINUED)

**Schedule 18**  
**(Continued)**

| <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| \$ 1.00     | \$ 1.00     | \$ 1.00     | \$ 1.00     | \$ 1.00     | \$ 1.00     |
| \$ 0.75     | \$ 0.75     | \$ 0.75     | \$ 0.75     | \$ 0.75     | \$ 0.75     |
| \$ 0.65     | \$ 0.65     | \$ 0.65     | \$ 0.65     | \$ 0.65     | \$ 0.65     |
| \$ 40.00    | \$ 40.00    | \$ 40.00    | \$ 40.00    | \$ 40.00    | \$ 40.00    |
| \$ 5.50     | \$ 5.50     | \$ 5.50     | \$ 5.50     | \$ 5.50     | \$ 5.50     |
| \$ 8.20     | \$ 8.20     | \$ 8.20     | \$ 8.20     | \$ 8.20     | \$ 8.20     |
| \$ 13.70    | \$ 13.70    | \$ 13.70    | \$ 13.70    | \$ 13.70    | \$ 13.70    |
| \$ 27.30    | \$ 27.30    | \$ 27.30    | \$ 27.30    | \$ 27.30    | \$ 27.30    |
| \$ 43.70    | \$ 43.70    | \$ 43.70    | \$ 43.70    | \$ 43.70    | \$ 43.70    |
| \$ 82.60    | \$ 82.60    | \$ 82.60    | \$ 82.60    | \$ 82.60    | \$ 82.60    |
| \$ 137.80   | \$ 137.80   | \$ 137.80   | \$ 137.80   | \$ 137.80   | \$ 137.80   |
| \$ 275.15   | \$ 275.15   | \$ 275.15   | \$ 275.15   | \$ 275.15   | \$ 275.15   |
| \$ 550.00   | \$ 550.00   | \$ 550.00   | \$ 550.00   | \$ 550.00   | \$ 550.00   |
| \$ 1.20     | \$ 1.20     | \$ 1.20     | \$ 1.20     | \$ 1.20     | \$ 1.20     |
| \$ 0.90     | \$ 0.90     | \$ 0.90     | \$ 0.90     | \$ 0.90     | \$ 0.90     |
| \$ 0.78     | \$ 0.78     | \$ 0.78     | \$ 0.78     | \$ 0.78     | \$ 0.78     |
| \$ 48.00    | \$ 48.00    | \$ 48.00    | \$ 48.00    | \$ 48.00    | \$ 48.00    |

# CITY OF DENHAM SPRINGS

## OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

|   | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> |
|---|-------------|-------------|-------------|-------------|
| <b>Chart (B) - Monthly minimum charge</b>     |             |             |             |             |
| 5/8 inch                                      | \$ 6.61     | \$ 6.61     | \$ 6.61     | \$ 6.61     |
| 3/4 inch                                      | \$ 9.84     | \$ 9.84     | \$ 9.84     | \$ 9.84     |
| 1 inch  | \$ 16.44    | \$ 16.44    | \$ 16.44    | \$ 16.44    |
| 1 1/2 inch                                    | \$ 32.76    | \$ 32.76    | \$ 32.76    | \$ 32.76    |
| 2 inch  | \$ 52.44    | \$ 52.44    | \$ 52.44    | \$ 52.44    |
| 3 inch  | \$ 99.12    | \$ 99.12    | \$ 99.12    | \$ 99.12    |
| 4 inch  | \$ 165.36   | \$ 165.36   | \$ 165.36   | \$ 165.36   |
| 6 inch  | \$ 330.18   | \$ 330.18   | \$ 330.18   | \$ 330.18   |
| 8 inch  | \$ 660.00   | \$ 660.00   | \$ 660.00   | \$ 660.00   |
| <b>Sewer Services</b>                         |             |             |             |             |
| <b>Customers</b>                              | 4,927       | 4,994       | 5,114       | 5,188       |
| Inside - Residential                          | N/A         | N/A         | N/A         | N/A         |
| Inside - Commercial/Industrial                | N/A         | N/A         | N/A         | N/A         |
| Outside - Residential                         | N/A         | N/A         | N/A         | N/A         |
| Outside - Commercial/Industrial               | N/A         | N/A         | N/A         | N/A         |
| <b>Rates (amount billed customers)</b>        |             |             |             |             |
| <b>Residential customers inside the city</b>  |             |             |             |             |
| Monthly flat fee and                          | \$ 6.00     | \$ 6.00     | \$ 6.00     | \$ 6.00     |
| % of water consumption per 100 gallons        | 3%          | 3%          | 3%          | 3%          |
| <b>Residential customers outside the city</b> |             |             |             |             |
| Monthly flat fee and                          | \$ 7.00     | \$ 7.00     | \$ 7.00     | \$ 7.00     |
| % of water consumption per 100 gallons        | 3%          | 3%          | 3%          | 3%          |
| <b>Commercial customers inside the city</b>   |             |             |             |             |
| Monthly flat fee and                          | \$ 6.00     | \$ 6.00     | \$ 6.00     | \$ 6.00     |
| % of water consumption per 100 gallons        | 3%          | 3%          | 3%          | 3%          |
| <b>Commercial customers outside the city</b>  |             |             |             |             |
| Monthly flat fee and                          | \$ 7.00     | \$ 7.00     | \$ 7.00     | \$ 7.00     |
| % of water consumption per 100 gallons        | 5%          | 5%          | 5%          | 5%          |

(CONTINUED)



Schedule 18  
(Continued)

| <u>2001</u>   | <u>2002</u>   | <u>2003</u>   | <u>2004</u>   | <u>2005</u>      | <u>2006</u>   |
|---------------|---------------|---------------|---------------|------------------|---------------|
| \$ 6.61       | \$ 6.61       | \$ 6.61       | \$ 6.61       | \$ 6.61          | \$ 6.61       |
| \$ 9.84       | \$ 9.84       | \$ 9.84       | \$ 9.84       | \$ 9.84          | \$ 9.84       |
| \$ 16.44      | \$ 16.44      | \$ 16.44      | \$ 16.44      | \$ 16.44         | \$ 16.44      |
| \$ 32.76      | \$ 32.76      | \$ 32.76      | \$ 32.76      | \$ 32.76         | \$ 32.76      |
| \$ 52.44      | \$ 52.44      | \$ 52.44      | \$ 52.44      | \$ 52.44         | \$ 52.44      |
| \$ 99.12      | \$ 99.12      | \$ 99.12      | \$ 99.12      | \$ 99.12         | \$ 99.12      |
| \$ 165.36     | \$ 165.36     | \$ 165.36     | \$ 165.36     | \$ 165.36        | \$ 165.36     |
| \$ 330.18     | \$ 330.18     | \$ 330.18     | \$ 330.18     | \$ 330.18        | \$ 330.18     |
| \$ 660.00     | \$ 660.00     | \$ 660.00     | \$ 660.00     | \$ 660.00        | \$ 660.00     |
| 5,231         | 5,289         | 5,294         | 5,348         | 5,420            | 5,424         |
| N/A           | N/A           | N/A           | 3,232         | 3,253            | 3,236         |
| N/A           | N/A           | N/A           | 514           | 514              | 514           |
| N/A           | N/A           | N/A           | 1,571         | 1,622            | 1,640         |
| N/A           | N/A           | N/A           | 31            | 31               | 34            |
| \$ 6.00<br>3% | \$ 6.00<br>3% | \$ 6.00<br>3% | \$ 6.00<br>3% | \$ 6.00<br>3%    | \$ 6.00<br>3% |
| \$ 7.00<br>3% | \$ 7.00<br>3% | \$ 7.00<br>3% | \$ 7.00<br>3% | \$ 7.00<br>3%    | \$ 7.00<br>3% |
| \$ 6.00<br>3% | \$ 6.00<br>3% | \$ 6.00<br>3% | RATES<br>SEE  | CHANGED<br>BELOW | -             |
| \$ 7.00<br>5% | \$ 7.00<br>5% | \$ 7.00<br>5% | RATES<br>SEE  | CHANGED<br>BELOW | -             |

# CITY OF DENHAM SPRINGS

## OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

|   | 1997    | 1998     | 1999     | 2000     |
|---|---------|----------|----------|----------|
| <b>Commercial customers inside the city</b>                 |         |          |          |          |
| <b>Hotels/Motels</b>  |         |          |          |          |
| Monthly flat fee of \$6.00 based on number of               | N/A     | N/A      | N/A      | N/A      |
| rooms and % of water consumption per 100 gal.               | N/A     | N/A      | N/A      | N/A      |
| <b>All other commercial customers inside the city</b>       |         |          |          |          |
| Monthly flat fee based on commercial business zone and      |         |          |          |          |
| Zone C-1 \$10.00  | N/A     | N/A      | N/A      | N/A      |
| Zone C-2 \$12.00  | N/A     | N/A      | N/A      | N/A      |
| Zone C-3 \$25.00  | N/A     | N/A      | N/A      | N/A      |
| Zone C-4 \$30.00  | N/A     | N/A      | N/A      | N/A      |
| Zone I-1 and I-2 \$35.00                                    | N/A     | N/A      | N/A      | N/A      |
| 3% of water consumption per 100 gallons (Month Avg. 23,095) |         |          |          |          |
| <b>Commercial customers outside the city</b>                |         |          |          |          |
| <b>Hotels/Motels</b>  |         |          |          |          |
| Monthly flat fee of \$7.00 based on number of               | N/A     | N/A      | N/A      | N/A      |
| rooms and % of water consumption per 100 gal.               | N/A     | N/A      | N/A      | N/A      |
| <b>All other commercial customers outside the city</b>      |         |          |          |          |
| Monthly flat fee and  | N/A     | N/A      | N/A      | N/A      |
| % of water consumption per 100 gallons                      | N/A     | N/A      | N/A      | N/A      |
| <b>Sanitation Services</b>                                  |         |          |          |          |
| <b>Customers</b>  | 3,121   | 3,108    | 3,149    | 3,215    |
| Inside - Residential  | N/A     | N/A      | N/A      | N/A      |
| Inside - Commercial/Industrial                              | N/A     | N/A      | N/A      | N/A      |
| <b>Sanitation Service Contracted Rates -</b>                |         |          |          |          |
| <b>Monthly per Customer</b>                                 |         |          |          |          |
| <b>Twice Weekly Pickup and Weekly</b>                       |         |          |          |          |
| Pickup of Recycling   | \$ 7.38 | \$ 12.09 | \$ 12.28 | \$ 12.43 |
| <b>Rates (amount billed customers)</b>                      |         |          |          |          |
| Inside - Residential  | \$ 9.15 | \$ 13.37 | \$ 13.37 | \$ 13.37 |
| Inside - Commercial/Industrial                              | \$ 7.09 | \$ 11.25 | \$ 11.25 | \$ 11.25 |
| Inside - Senior Citizens                                    | \$ 1.00 | \$ 1.00  | \$ 1.00  | \$ 1.00  |

**Schedule 18**  
**(Continued)**

| <u>2001</u>           | <u>2002</u>           | <u>2003</u>           | <u>2004</u>           | <u>2005</u>           | <u>2006</u>           |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| N/A<br>N/A            | N/A<br>N/A            | N/A<br>N/A            | 217 Rooms<br>3%       | 217 Rooms<br>3%       | 217 Rooms<br>3%       |
| N/A                   | N/A                   | N/A                   | 12                    | 12                    | 12                    |
| N/A                   | N/A                   | N/A                   | 25                    | 25                    | 25                    |
| N/A                   | N/A                   | N/A                   | 436                   | 436                   | 436                   |
| N/A                   | N/A                   | N/A                   | 20                    | 20                    | 20                    |
| N/A                   | N/A                   | N/A                   | 21<br>3%              | 21<br>3%              | 21<br>3%              |
| N/A<br>N/A            | N/A<br>N/A            | N/A<br>N/A            | None<br>3%            | None<br>3%            | None<br>3%            |
| N/A<br>N/A            | N/A<br>N/A            | N/A<br>N/A            | \$ 25.00<br>5%        | \$ 25.00<br>5%        | \$ 25.00<br>5%        |
| 3,246<br>3,133<br>113 | 3,275<br>3,155<br>120 | 3,390<br>3,267<br>123 | 3,407<br>3,279<br>128 | 3,426<br>3,293<br>133 | 3,415<br>3,282<br>133 |
| \$ 13.13              | \$ 13.76              | \$ 12.51              | \$ 13.58              | \$ 14.35              | \$ 14.86              |
| \$ 14.49              | \$ 14.49              | \$ 13.55              | \$ 14.30              | \$ 14.30              | \$ 14.81              |
| \$ 12.19              | \$ 12.19              | \$ 11.80              | \$ 12.55              | \$ 12.55              | \$ 13.06              |
| \$ 1.00               | \$ 1.00               | \$ 1.00               | \$ 1.00               | \$ 1.00               | \$ 1.00               |

# CITY OF DENHAM SPRINGS

## CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

|  | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> |
|--|-------------|-------------|-------------|-------------|
| <b>General Government</b>                                    |             |             |             |             |
| <b>Buildings</b>   |             |             |             |             |
| Municipal (City Hall,<br>Ward II Court and Ward II Marshall) | 1           | 1           | 1           | 1           |
| <b>Public Safety</b>   |             |             |             |             |
| <b>Police Protection</b>                                     |             |             |             |             |
| Stations   | 1           | 1           | 1           | 1           |
| Vehicles - Marked  | N/A         | N/A         | N/A         | N/A         |
| Vehicles - Unmarked  | N/A         | N/A         | N/A         | N/A         |
| Motorcycles - Marked   | N/A         | N/A         | N/A         | N/A         |
| <b>Fire Protection</b>                                       |             |             |             |             |
| Stations   | 2           | 2           | 2           | 2           |
| Vehicles - Extinguishment                                    | 4           | 4           | 4           | 4           |
| Vehicles - Emergency Medical                                 | 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         |
| Secondary streets (City)                                     | 42.7        | 42.7        | 42.7        | 42.7        |
| Sidewalks  | N/A         | N/A         | N/A         | N/A         |
| Bridges  | N/A         | N/A         | N/A         | N/A         |
| Buildings  | 2           | 2           | 2           | 2           |
| Street Lights:   |             |             |             |             |
| Residential  | 638         | 638         | 638         | 638         |
| Street and Highway   | 284         | 284         | 284         | 284         |
| Security Light   | 2           | 2           | 2           | 2           |
| Vehicles   | N/A         | N/A         | N/A         | N/A         |
| <b>Natural Gas, Water and Sewer Services</b>                 |             |             |             |             |
| Fire Hydrants  | N/A         | N/A         | N/A         | N/A         |
| Miles of natural gas mains                                   | 141         | 143         | 143         | 145         |
| Miles of water mains   | N/A         | N/A         | N/A         | N/A         |
| Miles of sanitary sewer                                      | N/A         | N/A         | N/A         | N/A         |
| Number of sewer pumping stations                             | 27          | 27          | 27          | 32          |
| Type of sewer treatment system                               | Rock Reed   | Rock Reed   | Rock Reed   | Rock Reed   |
| <b>Recreation and Culture</b>                                |             |             |             |             |
| <b>Parks and Recreation</b>                                  |             |             |             |             |
| Acres  | 1           | 1           | 1           | 1           |
| Developed parks (Spring and Train Station)                   | 1           | 1           | 1           | 1           |
| Buildings (Spring and Train Station)                         | 1           | 1           | 1           | 1           |

Schedule 19

| <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 1           | 1           | 1           | 1           | 1           | 1           |
| 1           | 1           | 1           | 1           | 1           | 1           |
| N/A         | 28          | 28          | 28          | 28          | 28          |
| N/A         | 6           | 6           | 6           | 6           | 6           |
| N/A         | 2           | 2           | 2           | 3           | 3           |
| 2           | 2           | 2           | 3           | 3           | 3           |
| 4           | 4           | 4           | 4           | 4           | 4           |
| 1           | 1           | 1           | 1           | 1           | 1           |
| N/A         | N/A         | N/A         | N/A         | N/A         | N/A         |
| 42.7        | 42.7        | 45.3        | 45.3        | 45.3        | 45.3        |
| N/A         | N/A         | N/A         | N/A         | N/A         | N/A         |
| N/A         | N/A         | N/A         | N/A         | N/A         | N/A         |
| 2           | 2           | 2           | 2           | 2           | 2           |
| 638         | 638         | 638         | 638         | 638         | 652         |
| 284         | 284         | 284         | 284         | 284         | 284         |
| 2           | 2           | 2           | 2           | 2           | 2           |
| N/A         | 15          | 15          | 16          | 16          | 17          |
| N/A         | N/A         | N/A         | N/A         | N/A         | N/A         |
| 146         | 149         | 151         | 159         | 163         | N/A         |
| N/A         | N/A         | N/A         | N/A         | N/A         | N/A         |
| N/A         | N/A         | N/A         | N/A         | N/A         | N/A         |
| 32          | 32          | 32          | 36          | 36          | 37          |
| Rock Reed   | Rock Reed   | Rock Reed   | Rock Reed   | Rock Reed   | Rock Reed   |
| 1           | 1           | 1           | 3           | 3           | 3           |
| 1           | 1           | 1           | 2           | 2           | 2           |
| 1           | 1           | 1           | 2           | 2           | 2           |

**CITY OF DENHAM SPRINGS, LOUISIANA**

**SINGLE AUDIT REPORTS**

**JUNE 30, 2006**

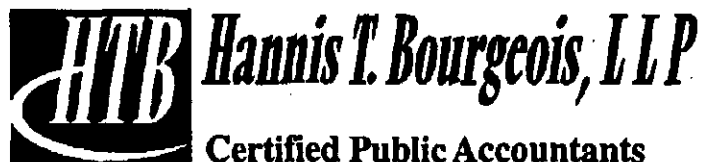
**CITY OF DENHAM SPRINGS, LOUISIANA**

**TABLE OF CONTENTS**

|   | <b><u>Page</u></b> |
|---|--------------------|
| <b>Independent Auditor's Report on Internal Control<br/>over Financial Reporting and on Compliance and<br/>other Matters Based on an Audit of Financial<br/>Statements Performed in Accordance with<br/><u>Government Auditing Standards</u>.....</b> | <b>1 - 2</b>       |
| <b>Independent Auditor's Report on Compliance with<br/>Requirements Applicable to Each Major Program<br/>and Internal Control over Compliance in Accordance<br/>with OMB Circular A-133.....</b>  | <b>3 - 4</b>       |
| <b>Schedule of Expenditures of Federal Awards.....</b>  | <b>5</b>           |
| <b>Notes to Schedule of Expenditures of Federal Awards.....</b>   | <b>6</b>           |
| <b>Schedule of Findings and Questioned Costs.....</b>   | <b>7</b>           |
| <b>Schedule of Prior Year Findings and Questioned<br/>Costs.....</b>  | <b>8</b>           |

**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**





Randy J. Bonnecaze, CPA\*  
Joseph D. Richard, Jr., CPA\*  
Ronnie B. Stamper, CPA\*  
Fernand P. Genre, CPA\*  
Stephen M. Huggins, CPA\*  
Monica L. Zumo, CPA\*  
Ronald J. Gagnet, CPA\*  
Douglas J. Nelson, CPA\*  
Celeste D. Vistor, CPA\*  
Laura E. Monroe, CPA\*  
R. David Wascom, CPA\*

\*A Professional Accounting Corporation

1175 Del Este Avenue, Suite B  
Denham Springs, LA 70726  
Phone: (225) 665-8297  
Fax: (225) 667-3813

*Members American Institute of  
Certified Public Accountants*

2322 Tremont Drive  
Baton Rouge, LA 70809

[www.htbcpa.com](http://www.htbcpa.com)

October 9, 2006

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

We have audited the financial statements 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 and for the year ended June 30, 2006, which collectively comprise the City of Denham Springs, Louisiana's basic financial statements and have issued our report thereon dated October 9, 2006. We have also audited the financial statements of each of the City's nonmajor governmental funds and internal service fund presented in the combining and individual fund financial statements and schedules as of and for the year ended June 30, 2006. 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.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City of Denham Springs in a separate letter dated October 9, 2006.

### 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 that are required to be reported under Government Auditing Standards.

This report is intended solely for the information of management and the Office of the Legislative Auditor, State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

*Hannu - J. Bourgeois, CPA*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**



**Hannis T. Bourgeois, LLP**

**Certified Public Accountants**

Randy J. Bonneau, CPA\*  
Joseph D. Richard, Jr., CPA\*  
Ronnie E. Stamper, CPA\*  
Fernand P. Genre, CPA\*  
Stephen M. Huggins, CPA\*  
Monica L. Zumo, CPA\*  
Ronald L. Gagnon, CPA\*  
Douglas J. Nelson, CPA\*  
Celeste D. Viator, CPA\*  
Laura E. Monroe, CPA\*  
R. David Wascom, CPA\*

\*A Professional Accounting Corporation

1175 Del Este Avenue, Suite B  
Denham Springs, LA 70726  
Phone: (225) 665-8297  
Fax: (225) 667-3813

*Members American Institute of  
Certified Public Accountants*

2322 Tremont Drive  
Baton Rouge, LA 70809

[www.htbcpa.com](http://www.htbcpa.com)

October 9, 2006

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

### Compliance

We have audited the compliance of the City of Denham Springs with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2006. The City's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Denham Springs complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2006.

#### Internal Control Over Compliance

The management of the City of Denham Springs is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of management, the Office of the Legislative Auditor, State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

*Harris T. Bougeois, III*

**CITY OF DENHAM SPRINGS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

| <u>Federal Grantor/<br/>Pass-Through Grantor/<br/>Program Name</u>                          | <u>Federal<br/>CFDA<br/>Number</u> | <u>Agency or<br/>Pass-Through<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|---|------------------------------------|--|---------------------------------|
| <u>United States Department of Homeland Security</u>  |                                    |  |                                 |
| Passed through State of Louisiana, Military<br>Office of Homeland Security and Preparedness |                                    |  |                                 |
| Disaster Grants - Public Assistance   | 97.036                             | FIPS#063-20435-00                            | \$652,758                       |
| Passed through Livingston Parish Council<br>Office of Emergency Protection                  |                                    |  |                                 |
| Urban Area Security Initiative  | 97.008                             | N/A  | <u>41,627</u>                   |
| Total Passed Through State of<br>Louisiana Military Department                              |                                    |  | 694,385                         |
| <u>United States Environmental Protection Agency</u>  |                                    |  |                                 |
| Waste Water Collection Study  | 66.606                             | XP-97670001-0                                | 72,497                          |
| <u>United States Department of Justice</u>  |                                    |  |                                 |
| Byrne Justice Assistance Grant  | 16.580                             | 2005DJBX1291                                 | 20,816                          |
| Byrne Justice Assistance Grant  | 16.580                             | 2006DJBX0781                                 | 13,662                          |
| Bulletproof Vest Partnership Program  | 16.607                             | N/A  | <u>2,840</u>                    |
| Total U.S. Department of Justice  |                                    |  | 37,318                          |
| Total Expenditures of Federal Awards  |                                    |  | <u>\$804,200</u>                |

## **CITY OF DENHAM SPRINGS**

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

**JUNE 30, 2006**

#### **Note 1 - General -**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of the federal awards of the City of Denham Springs, Louisiana. The City's reporting entity is defined in Note 1 to the financial statements for the year ended June 30, 2006. All federal awards received from federal agencies are included on the schedule.

#### **Note 2 - Basis of Accounting -**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the City's financial statements for the year ended June 30, 2006.

#### **Note 3 - Relationship to Financial Statements -**

Amounts reported in the Schedule of Expenditures of Federal Awards agree with the amounts reported in the related financial reports.

**CITY OF DENHAM SPRINGS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2006**

A. As required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the following is a summary of the results of our audit:

- Type of report issued on financial statements - unqualified.
- Type of report issued on compliance for major programs - unqualified.
- The results of audit procedures disclosed no material noncompliance in major programs.
- The results of audit procedures disclosed no questioned costs.
- Our audit disclosed no findings which are required to be reported under Section 510(a).
- The following program was tested as a Type "A" major program:

Federal Grantor/  
Pass - Through Grantor/  
Program Name

CFDA  
Number

United States Department Homeland Security  
Passed Through State of Louisiana, Military  
Department Office of Homeland Security and  
Preparedness  
Disaster Relief and Emergency Assistance

97.036

- The threshold for distinguishing Types A and B programs was \$300,000.
- The City was not determined to be a low-risk auditee.

B. Findings - Financial Statements Audit

None.



**CITY OF DENHAM SPRINGS**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2006**

**Internal Control:**

None.

**Compliance:**

2005-1 - Failure to Amend Budget (LSA - R.S. 39:1301):

**Finding**

During our prior year audit, it was noted that in the capital projects fund actual expenditures exceeded the budgeted expenditures by \$36,493 and actual other financing uses exceeded the budgeted amount by \$50,000 which are greater than a 5% variance. State law requires that budgets be amended when actual revenues are less than budgeted revenues or actual expenditures exceed budgeted expenditures and other financing uses exceed budgeted amounts by 5% or more.

**Recommendation**

We recommended that management more closely monitor the expenditures and other financing uses and amend the budget as necessary to stay below the 5% variance as required by state law.

**Correction Action Taken**

Management does amend their budgets and makes every effort to comply with all provisions of the Budget Act. The violation cited above was an oversight due to a construction contract being further complete than was projected in the last budget amendment. Management does concur with the finding and will continue to make every effort to comply with all provisions of the Budget Act.

No such violation occurred in the current fiscal year.

**CITY OF DENHAM SPRINGS, LOUISIANA**

**MANAGEMENT LETTER**

**JUNE 30, 2006**



**Hannis T. Bourgeois, LLP**

**Certified Public Accountants**

Randy J. Bonnacaze, CPA\*  
Joseph D. Richard, Jr., CPA\*  
Ronnie E. Stamper, CPA\*  
Fernand P. Genre, CPA\*  
Stephen M. Huggins, CPA\*  
Monica L. Zumo, CPA\*  
Ronald L. Gagnet, CPA\*  
Douglas J. Nelson, CPA\*  
Celeste D. Viator, CPA\*  
Laura E. Monros, CPA\*  
R. David Wascom, CPA\*

\*A Professional Accounting Corporation

1175 Del Este Avenue, Suite B  
Denham Springs, LA 70726  
Phone: (225) 665-8297  
Fax: (225) 667-3813

*Members American Institute of  
Certified Public Accountants*

2322 Tremont Drive  
Baton Rouge, LA 70809

[www.htbcpa.com](http://www.htbcpa.com)

October 9, 2006

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

In planning and performing our audit of the basic financial statements of the City of Denham Springs, Louisiana, for the year ended June 30, 2006, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The following summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated October 9, 2006, on the basic financial statements of the City of Denham Springs, Louisiana.

**CURRENT YEAR FINDINGS:**

None

**PRIOR YEAR FINDINGS:**

**Finding 00-1:**

It was noted in the prior years and again in the current year that although the majority of the accounting cycles have been documented, there is a lack of written policies and procedures in the various cycles comprising the City's accounting/finance function. Written policies and procedures are essential to a strong internal control system and accounting department.

The Mayor and Members of  
the City Council  
City of Denham Springs  
October 9, 2006  
Page 2

Recommendation:

We again recommend the City complete the task of evaluating the various cycles and developing written policies and procedures for each cycle.

Management's Response:

All accounting cycles except for Personnel have been documented. Personnel has started documenting its accounting cycles. The next step is to combine all the documented accounting cycles into one policy and procedures manual. The completed policy and procedures manual will be reviewed and updated periodically as needed.

Corrective Action Taken:

Management is continuing the documentation of its accounting cycles with the personnel and purchasing remaining to be completed. Management informed us the personnel manual was delayed due the hiring of a new personnel director and recommendations from legal counsel for changes. Once the personnel and purchasing procedures are completed, management is planning on combining all procedures within the accounting cycle into one manual.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, none of the conditions described above is believed to be a material weakness.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with the Treasurer and Finance Committee, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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

Respectfully submitted,

*Hannu J. Bourgeois, CPA*