

**Comprehensive
Annual Financial Report
of the**

CITY OF DENHAM SPRINGS

Denham Springs, Louisiana

**For the Fiscal Year Ended
June 30, 2009**

**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

2/3/10

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2009

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DENHAM SPRINGS, LOUISIANA**

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

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City of Denham Springs

MAYOR

JAMES E. DURBIN

CITY CLERK

JOAN LEBLANC

CITY TREASURER

CLARENCE E. SPEED, JR.

November 30, 2009

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Denham Springs (City) for the fiscal year ended June 30, 2009.

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

Hannis T. Bourgeois, LLP, a firm of licensed certified public accountants has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Denham Springs for the fiscal year ended June 30, 2009, 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's financial statements for the fiscal year ended June 30, 2009, 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, Findings and Recommendations, and the Auditor's Report on Compliance and on Internal Control over Financial Reporting, is included in a separately issued report and is available upon request.

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

Profile of the Government

The City of Denham Springs, incorporated in 1903, is located on the western side of Livingston Parish and is adjacent to East Baton Rouge Parish, which contains the capital city of Baton Rouge and is a major industrial area. The City currently occupies a land area of 6.12 square miles and serves a population of 10,480. 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.

A determination of the financial reporting entity to be included in this comprehensive annual financial report (CAFR) is made through the application of criteria established by the Governmental Accounting Standards Board (GASB), Statement 14. A complete explanation of the financial reporting entity is included in the Summary of Significant Accounting Policies in the Notes to the Financial Statements.

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

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

The financial statements included in this CAFR are as follows:

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

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

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented in Exhibit B-5 as part of the financial statements of the governmental funds. The only other governmental funds with annual appropriated budgets are the Capital Projects Fund and the Witness Fee Special Revenue Fund. These funds are considered nonmajor funds. The budget comparisons are presented in Exhibits D-3 and D-4 as part of the financial statements of the governmental funds.

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

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

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

Factors Affecting Financial Condition

Economic Condition and Outlook

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

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

On September 1, 2008 the City was damaged by Hurricane Gustav. The morning of September 5, 2008 Hurricane Ike's path in the Gulf of Mexico brought it close enough to the State of Louisiana's southeastern region and the City of Denham Springs area to cause some electrical outages. Hurricane Ike's impact on the City of Denham Springs was a minor inconvenience. The impact of Hurricane Gustav initially caused short-term disruptions within the City due to numerous power outages. Damage was mostly to trees leaving tons of vegetative debris along with closure of streets due to fallen trees. The City sustained heavy damage to its Animal Shelter, the City Hall roof was uplifted on one corner, the Water Department building window panes were blown out of their metal retainers, a tree fell on the Carolyn Street water well pump, blown skirting at the Street Department and Sewer Department modular buildings, Fire Department and Police Department vehicles and equipment sustained damage from blowing debris. Numerous houses within our utility service area sustained damage from fallen trees from hurricane force winds and/or possible tornado(s). Flooding along the western side of River Road caused by rainfall from Hurricane Gustav and Hurricane Ike impacted several homes. To compare with the most recent hurricanes in the fall of 2005, the amount of debris from Hurricane Katrina and Hurricane Rita was estimated at 13,000 cubic yards costing the City \$652,758. Through the efforts of local officials, the State of Louisiana and United States Federal Emergency Management Agency the City fully recovered and received full reimbursement for damages caused by these two hurricanes totaling \$652,758. The amount of debris from Hurricane Gustav is estimated at 125,000 cubic yards of vegetative debris including damaged trees (600 leaning > 30 degrees, 1,500 hangers) and 400 stumps within the City's rights-of-way requiring removal to eliminate public health and safety hazards. As of November 30, 2009 the cost of debris removal is \$4,042,919. Total estimated cost was \$4.2 million. Through the participation of a pilot program the City has received \$3,840,773 reimbursement or 95% of the actual cost. All other Hurricane Gustav expenses are to be reimbursed at 90%. Protective measures by the fire, police and street department employees cost \$154,803. Protective measures by the gas, water, sewer and motor pool department employees cost \$188,169. City vehicle and equipment damage claims cost \$89,166. The City has received 90% reimbursements for protective measures and damage claims to vehicles and equipment totaling \$150,250. The City anticipates additional 90% reimbursements totaling \$238,674 to be forthcoming.

The economic impact of these storms was minimal to the City of Denham Springs compared with the economic windfall after the 2005 storm season. The difference this time is initial hurricane planning and preparation, smooth contra flow evacuation of coastal parish residents, adequate supply of fuel for evacuees and no influx of displaced residents trying to rebuild their lives from hurricane devastated parishes. After the 2005 storm season the State of Louisiana offered incentives to encourage residents to prepare. We believe our residents have heeded the warnings.

The nationwide financial crisis and subsequent economic distress has resulted in population growth in areas near Denham Springs to slowdown. Key to this slowdown is stricter qualifications for housing mortgages. On a positive note, the factors new residents consider when relocating to Livingston Parish continues to be lower crime rates, a respected school system and various quality of life benefits offered such as recreation, arts, antiques, local music concerts, and theater productions. Though investment dollars are limited, retailers continue to follow the population growth and are locating or expanding operations within the City of Denham Springs. Long-term economic outlook and availability of commercial properties with city services including police and fire protection are major factors with retailers deciding to locate here.

The Bass Pro Shop opened in February 2008. Since that opening date Longhorn Steak House and Hooters Restaurants have opened for business. Amite Crossing boutique strip center construction is complete. Anticipated additional construction is a hotel and a Sam's Club.

The City of Denham Springs continues to explore additional tracts of land within the City for future commercial growth. The vision is to design streets providing access to vacant available land. Land owners in these identified areas who are willing to donate the necessary land to construct these streets have the potential to benefit economically from the commercial growth anticipated to follow. The City is currently locating available funding, such as grants, from the State of Louisiana to complete construction of this type of project.

The region (which includes the City of Denham Springs and the surrounding unincorporated area within Livingston Parish) has an employed labor force of approximately 53,425. This is according to the Louisiana Department of Labor revised June 2009 employment numbers. The City's central business district continues to maintain its current 97-100 percent occupancy rate with a variety of stores, specialty shops, and commercial businesses.

Major Initiatives in 2009

The City of Denham Springs has made expansion of sewer services a top priority to areas currently provided water services outside the city limits. During fiscal year 2009, in accordance with Louisiana Revised Statute 33:3911 et seq. and approved by resolution of the Livingston Parish Council adopted December 11, 2008, the City of Denham Springs Council approved on January 26, 2009, the creation of the Denham Springs Sewerage District No. 1 covering areas outside the city limits currently provided water service. The City Council approved the issuance of \$23,750,000 series 2009 utility revenue bonds to finance the cost of constructing sewer lift stations and sewer transmission lines. The bond issue was transacted in November 2009 and net construction funds deposited with the City trustee, Regions Bank. Engineering design is being finalized and it is anticipated that in March 2010 bids will be let. This work is to be contracted in four phases simultaneously. Once the low bidders are accepted, construction will proceed with an anticipated completion date of December 2010. It is anticipated that all new sewer customers in this newly created district will be connected by January 2011. It is anticipated that the initial new sewer customer total will be approximately 2,700.

Long-term financial planning.

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

Fire Protection Improvements

- Maintaining the City's current fire rating of 3 with the long-term goal of working toward a fire rating of 2. Key to this is the construction of two water wells and a million gallon water tower outside the city limits and the replacement of old water service lines within the City financed by a \$23,750,000 2006 series Utility Revenue Bond issue.

Highway Infrastructure Improvements

- Construction of an I-12 interchange at Pete's Highway. This interchange project is to be funded by Federal and State appropriations.
- Widening of Tate Road project is to be funded by State and local appropriations.
- Encouraging our local Baton Rouge area representatives and senators along with our United States congressional delegation to fully fund the adding of additional I-12 interstate lanes going east and west through the City of Denham Springs past the Town of Walker.
- Planning and funding sources continue to be studied for the upgrade of Cook Road from Pete's Highway and an extension of Cook Road to Juban Road. This planned curb and gutter-street will provide access for the planned construction of a new high school and will provide a link to the new interstate interchange and provide new commercial areas. This is within the area under consideration for annexation and is a project expected to require a minimum of five years to complete.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Denham Springs for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. This was the thirteenth consecutive year that the City of Denham Springs has received this prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Denham Springs has received this award each year for the 13-year period ending June 30, 2008. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

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

Respectfully submitted,

City of Denham Springs

Clarence E. Speed, Jr.

Clarence E. Speed, Jr.
City Treasurer

CITY OF DENHAM SPRINGS
PRINCIPAL ELECTED OFFICIALS

JUNE 30, 2009

Mayor:

James E. Durbin

City Council Members:

Current Terms Expire December 31, 2010:

Lori Lamm-Williams

Arthur Perkins

John Wascom

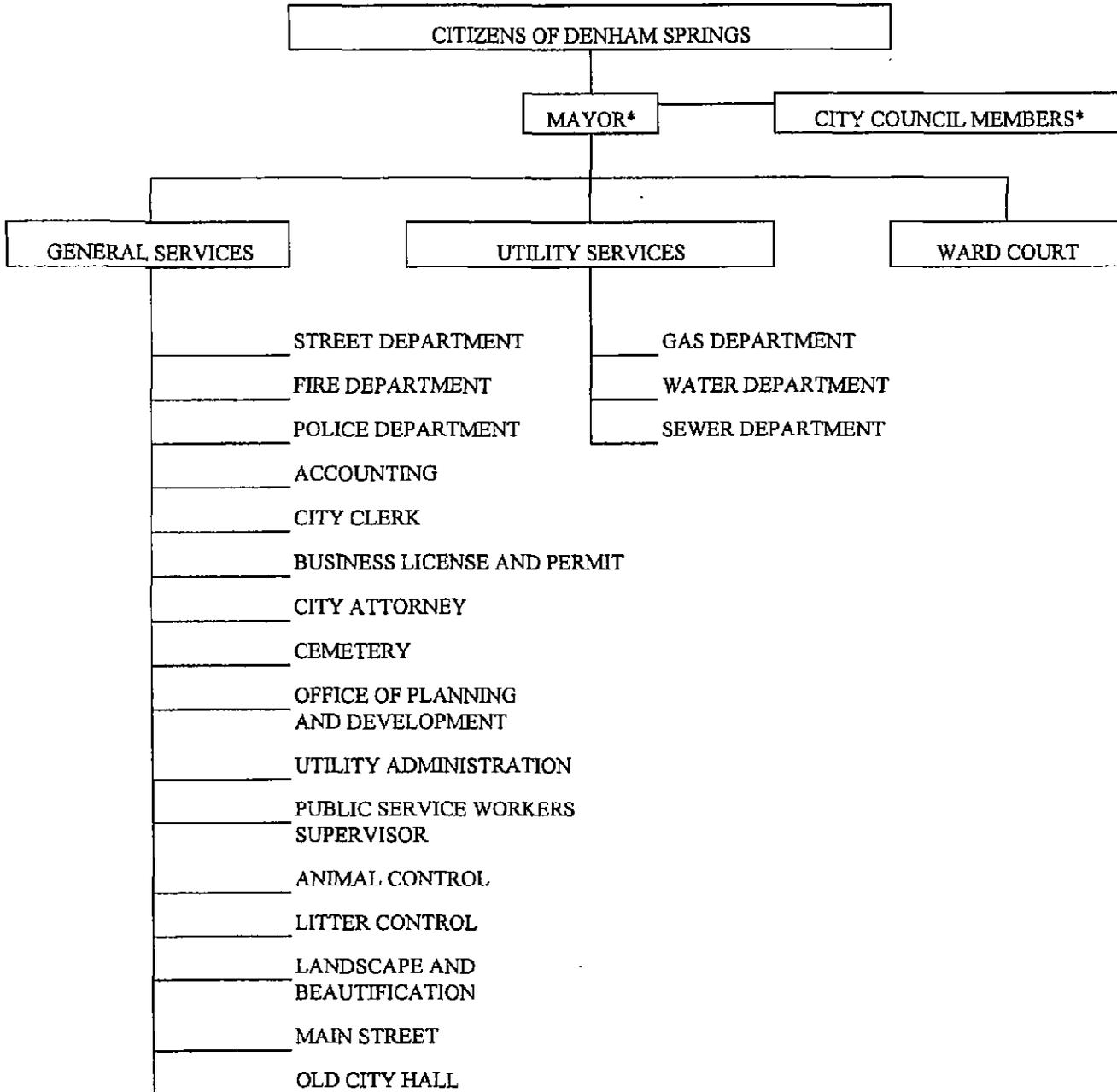
Rene F. Delahoussaye, Jr.

Annie M. Fugler

CITY OF DENHAM SPRINGS

ORGANIZATIONAL CHART

JUNE 30, 2009



* 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, 2008

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



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November 30, 2009

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 discretely presented component units, each major fund, the budgetary comparison statement of the general fund and the aggregate remaining fund information of the City of Denham Springs, Louisiana, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of the City's nonmajor internal service fund and each of the governmental funds presented in the accompanying combining financial statements and the budgetary comparison schedule of the Capital Projects Fund and the Special Revenue Fund as of and for the year ended June 30, 2009, as listed in the table of contents as exhibits D-1 through D-4. 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.

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 discretely presented component units, each major fund, the budgetary comparison statement of the general fund and the aggregate remaining fund information of the City of Denham Springs, Louisiana, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In

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

addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the nonmajor internal service fund, governmental funds and the budgetary comparison schedule of the Capital Projects Fund and the Special Revenue Fund of the City of Denham Springs, Louisiana, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof 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 November 30, 2009, 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 assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 24 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 introductory section, the capital assets schedules, Exhibits E-1 through E-3, the supplementary schedule, Schedule 1, and the statistical section, Schedules 2 through 20 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The capital assets schedules, Exhibits E-1 through E-3, and the supplementary schedule, Schedule 1, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial information in the introductory section and the statistical section, Schedules 2 through 20, 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,

Hannu 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, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iv-x of this report.

Financial Highlights

- The assets of the City of Denham Springs primary government exceeded liabilities at the close of the most recent fiscal year by \$30,733,210 (*net assets*).
- The primary government's total net assets compared to prior year total net assets of \$28,059,139 increased by \$2,674,071.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,306,399, an increase of \$429,948 in comparison with the prior year combined ending fund balances of \$3,876,451. Approximately eighty-four percent of this total amount, \$3,628,500, 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 \$3,466,081 or 23 percent of total general fund expenditures.
- The City's total debt increased by \$349,913 during the current fiscal year. The key factors in this net increase are increased compensated absences in lieu of paying overtime and the municipal lease-purchase agreement financing the purchase of a 2008 Aerial Fire Truck and a 2008 Fire Pumper. The two vehicles were delivered to the City on August 26, 2008. Offsetting the above increases are the payoffs of two capital leases financing the purchase of a street sweeper and six police vehicles and the timely remittance of current year debt payments.

Overview of the Financial Statements

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

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

The *Statement of Net 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. For example, uncollected taxes and earned but unused vacation leave result in cash flows for future periods. The focus of the Statement of Activities is on both the gross and net cost of various activities which are funded by the government's general tax and other revenues. This is intended to summarize information and simplify the user's analysis of the cost of various governmental services and/or subsidy to various governmental and business-type activities and component units.

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

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

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

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

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

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

The City of Denham Springs maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered a major fund. Data from the other four governmental funds (capital projects, debt service, permanent and special revenue 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 are presented in Exhibits B-1 to B-5 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the enterprise fund consisting of the natural 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 are presented in Exhibits C-1 to C-3 of this report

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

Cash management policies and practices of the City of Denham Springs conservatively invest idle funds in certificates of deposit through its current fiscal agent, Capital One, N.A. 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 365 days. The average yield on the certificates of deposit was 2.55% for the fiscal year ended June 30, 2009.

Risk management - during the fiscal year ended June 30, 2009 management believes the City is fully insured for all major risks, such as General Liability, Worker's Compensation, Employee and Public Official Fidelity Bonds, and Fire Extended Coverage and Flood Insurance. The City maintains no self-insurance program at June 30, 2009.

Additional information on the City of Denham Springs cash management policies and practices and risk management can be found in the notes to the financial statements on pages 48-89 of this report.

Other information. In addition to the basic financial statements and accompanying notes, the combining statements, and the individual budgetary comparison schedules referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. The combining and individual fund statements and schedules are presented behind the notes to the financial statements as Exhibits D-1 to D-4 of this report.

Government-wide Financial Analysis

As noted earlier, net 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 \$30,733,210 at the close of the most recent fiscal year.

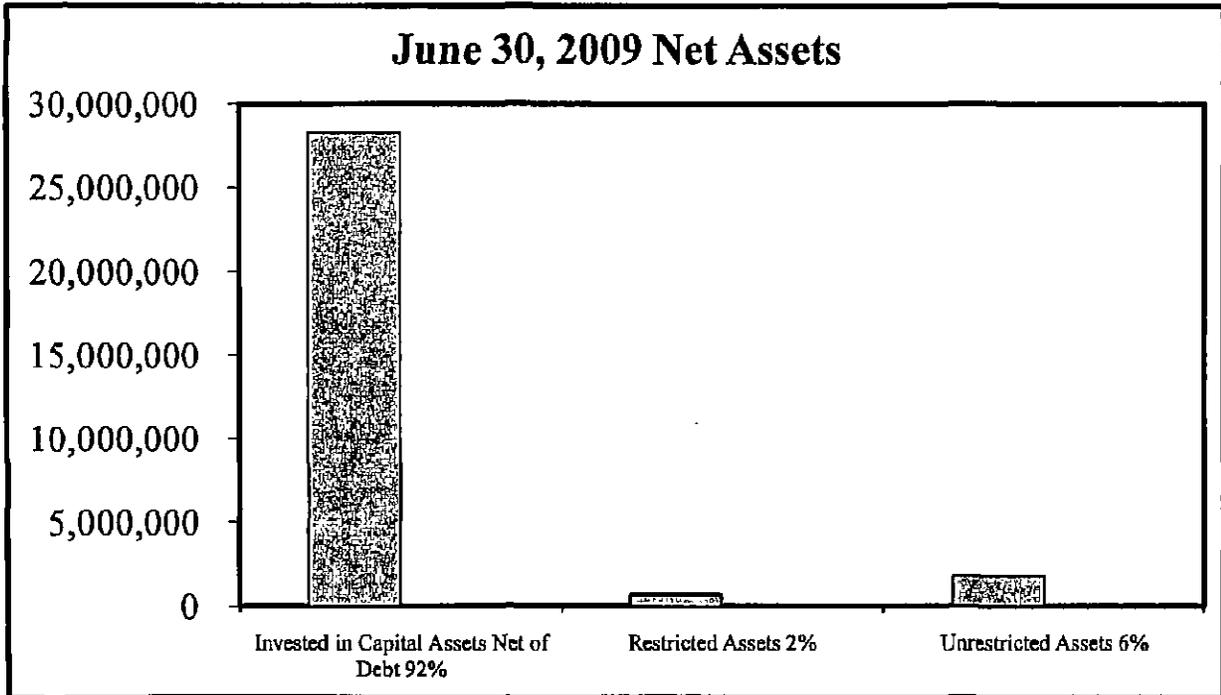
By far the largest portion of the City of Denham Springs's net assets (91.90 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment, less any related debt used to acquire those assets that is still outstanding). The City of Denham Springs uses these capital 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, 2009 with comparative figures from 2008.

City of Denham Springs
Condensed Statement of Net Assets
June 30, 2009 and 2008

	Governmental		Business-Type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Assets:						
Current and Other						
Assets	\$ 5,632,092	\$ 5,484,882	\$ 988,925	\$ 530,170	\$ 6,621,017	\$ 6,015,052
Restricted Assets	-	-	7,007,347	28,089,064	7,007,347	28,089,064
Capital Assets	9,388,511	8,569,400	45,582,824	24,910,239	54,971,335	33,479,639
Total Assets	15,020,603	14,054,282	53,579,096	53,529,473	68,599,699	67,583,755
Liabilities:						
Current Liabilities	1,441,833	1,364,449	3,757,676	4,793,233	5,199,509	6,157,682
Long-Term Liabilities	1,096,135	688,133	31,570,845	32,678,801	32,666,980	33,366,934
Total Liabilities	2,537,968	2,052,582	35,328,521	37,472,034	37,866,489	39,524,616
Net Assets:						
Invested in Capital						
Assets Net of Debt	8,531,386	8,417,766	19,710,756	19,700,130	28,242,142	28,117,896
Restricted	677,899	650,680	-	-	677,899	650,680
Unrestricted	3,273,350	2,933,254	(1,460,181)	(3,642,691)	1,813,169	(709,437)
Total Net Assets	\$ 12,482,635	\$ 12,001,700	\$ 18,250,575	\$ 16,057,439	\$ 30,733,210	\$ 28,059,139

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



Approximately 92% or \$28,242,142 of the City's net assets at June 30, 2009, 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 or \$677,899 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,813,169 or 6 percent of unrestricted net assets 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 for the government as a whole. The City is able to report positive balances in all three categories for its separate governmental activities but only two of the three categories of net assets for its business-type activities. For the prior fiscal year the City was able to report positive balances in two of the three categories of net assets for the government as a whole, was able to report positive balances in all three categories for its separate governmental activities and was able to report positive balances in only two of the three categories of net assets for its business-type activities.

Restricted assets reported in connection with the City of Denham Springs' business-type activities decreased (\$21,081,717) compared to the prior fiscal year. The key factor in this net decrease is the cost of constructing water and wastewater infrastructure funded by \$21,230,089 in construction account proceeds (restricted assets) from the 2006 Utility Revenue Bond and the 2008 Utility Revenue Bond issues. Offsetting this decrease is an increase in the revenue bond covenant accounts of \$140,201 required by the 2006 Utility Revenue Bond loan agreement and the 2008 Utility Revenue Bond loan agreement and an increase in the certificate of deposits of \$40,000 set aside to repay customer deposits. Accrued interest receivable on these funds resulted in a net decrease of \$31,829 mainly due to the large drawdown on construction projects bond proceeds.

The City's net assets increased by \$2,674,071 during the current fiscal year as compared to 2008's increase of \$405,701. Attributable to this increase is investments in capital assets, net of related debt of \$132,442, restricted for cemetery care – nonexpendable of \$27,219 and unrestricted net assets of \$2,514,410. The unrestricted net assets increase is mostly attributable to increased business-type activities – utility fund revenues and decreased business-type activities – utility fund expenses.

The condensed statement below provides a summary of the changes in net assets for the year ended June 30, 2009, with comparative figures from 2008.

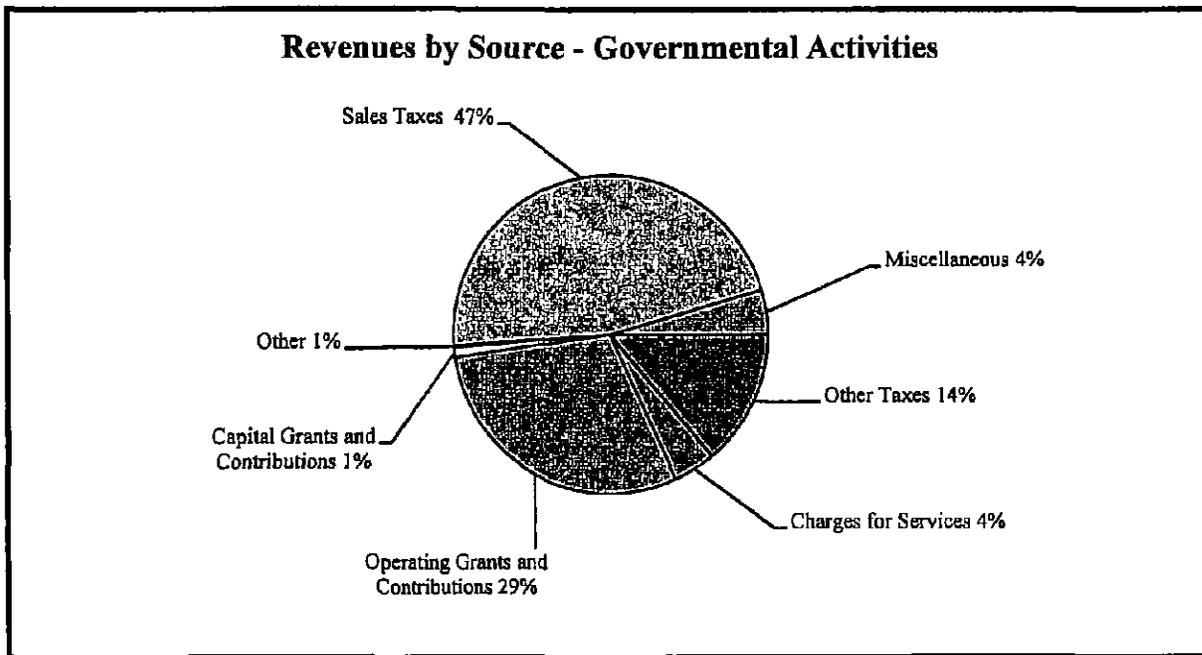
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2009	2009	2008
Revenues:						
Program Revenues:						
Charges for Services	\$ 633,554	\$ 664,813	\$ 9,923,289	\$ 8,356,793	\$ 10,556,843	\$ 9,021,606
Operating Grants and Contributions	4,394,359	344,400	143,268	-	4,537,627	344,400
Capital Grants and Contributions	139,634	3,532,821	151,022	194,133	290,656	3,726,954
General Revenues:						
Sales Taxes	6,921,858	6,856,653	-	-	6,921,858	6,856,653
Other Taxes	2,057,568	2,032,427	-	-	2,057,568	2,032,427
Miscellaneous	672,517	756,132	15,980	9,544	688,497	765,676
Other	28,654	126,616	30,108	54,608	58,762	181,224
Total Revenues	14,848,144	14,313,862	10,263,667	8,615,078	25,111,811	22,928,940
Expenses:						
General Government	2,001,415	2,247,954	-	-	2,001,415	2,247,954
Public Safety	6,501,384	6,498,239	-	-	6,501,384	6,498,239
Highways and Streets	5,665,185	5,227,848	-	-	5,665,185	5,227,848
Health	87,189	89,043	-	-	87,189	89,043
Culture and Recreation	47,985	8,097	-	-	47,985	8,097
Interest on Long-Term Debt	64,051	9,364	-	-	64,051	9,364
Gas	-	-	3,645,980	3,933,171	3,645,980	3,933,171
Water	-	-	1,600,633	1,882,160	1,600,633	1,882,160
Sewer	-	-	1,986,382	1,830,952	1,986,382	1,830,952
Sanitation	-	-	837,536	796,411	837,536	796,411
Total Expenses	14,367,209	14,080,545	8,070,531	8,442,694	22,437,740	22,523,239
Increase (Decrease) in Net Assets before Transfers	480,935	233,317	2,193,136	172,384	2,674,071	405,701
Transfers	-	-	-	-	-	-
Increase in Net Assets	480,935	233,317	2,193,136	172,384	2,674,071	405,701
Net Assets - Beginning of Year	12,001,700	11,768,383	16,057,439	15,885,055	28,059,139	27,653,438
Net Assets - End of Year	\$ 12,482,635	\$ 12,001,700	\$ 18,250,575	\$ 16,057,439	\$ 30,733,210	\$ 28,059,139

Governmental activities. Governmental activities increased the City of Denham Springs's net assets by \$480,935, thereby accounting for 18 percent of the total increase in the net assets of the City of Denham Springs. Key elements of this net increase are documented below.

Total revenues from Governmental Activities increased by \$534,282 over the prior year.

- Ad Valorem taxes (property taxes) increased by \$17,494 due to increased valuation of property (11% or \$7,693,790) offset by City Council action reducing the millage rate from 2.825 mills to 2.748 mills. The City Council stated that this action was taken to stabilize citizen and business property tax bills.
- Sales taxes increased by \$65,205 (1.0 percent) during the fiscal year. Most of this increase is attributable to a 0.9% or \$58,676 increase in retail sales other than Bass Pro Development and 1.4% or \$96,276 increase in retail sales from the Bass Pro Development offset by a decrease in vehicle sales tax collected of 1.1% or \$77,022 and an increase in sales tax refunded through audits of 0.2% or \$12,725.
- Occupational license and permits decreased by (\$3,055). This decrease is attributable to the economic downturn in commercial growth. Of note is an increase in occupational license of \$15,049, an increase in insurance license of \$28,678, a decrease in contractors license of (\$2,095), a decrease in alcohol license fees of (\$1,070), a decrease in amusement machine license of (\$560), an increase in servers and sellers permits \$1,432, a decrease in inspection department permits of (\$41,418), a decrease in fire and police permits of (\$3,070), and a decrease in planning and zoning fees of (\$1).
- Franchise fees increased by \$10,702. Entergy Corporation remitted increased electrical franchise fees of \$1,438, DEMCO remitted increased electrical franchise fees of \$1,122, and Cox Communications remitted increased cable television franchise fees of \$8,697 offset by a decrease in wrecker franchise fees of (\$555).
- Charges for services decreased by (\$31,259) during the fiscal year. This decrease is mainly attributable to one time traffic security fee of (\$48,570) charged for overtime incurred during the grand opening of Bass Pro in the previous fiscal year. Other charges for services attributable to this net decrease are increased fines collected of \$31,536, an increase in animal adoption fees of \$4,560, a decrease in background check fees of (\$19,639), a decrease in road maintenance fees of (\$150), an increase in wreck report fees of \$1,188 and a decrease in witness fees of (\$184).
- Operating grants and contributions increased \$4,049,959 during the fiscal year. This net increase is attributable to Federal Emergency Management Agency (FEMA) reimbursements of \$4,041,636 mainly for debris clean-up from Hurricane Gustav, increased On-Behalf payments of \$1,752 from the State of Louisiana for police and fire supplemental pay and a net increase of \$6,571 in grants toward fire prevention and education, law enforcement, animal control and inspection department.
- Capital Grants and Contributions decreased by (\$3,393,187). This net decrease is attributable to a decrease of (\$3,368,707) resulting from incurring most of the cost of constructing the Range Road Corridor Project in the prior fiscal year, and a decrease of (\$73,740) in State of Louisiana grant appropriations through Louisiana Legislature offset by an increase of \$49,260 in law enforcement grants for purchase of laptops, video camera, radar, guns and other equipment.
- Interest income decreased during the current fiscal year by (\$97,962). This decrease was mainly caused by the decrease 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. Of further note is a significant decrease in investments of (\$500,000).

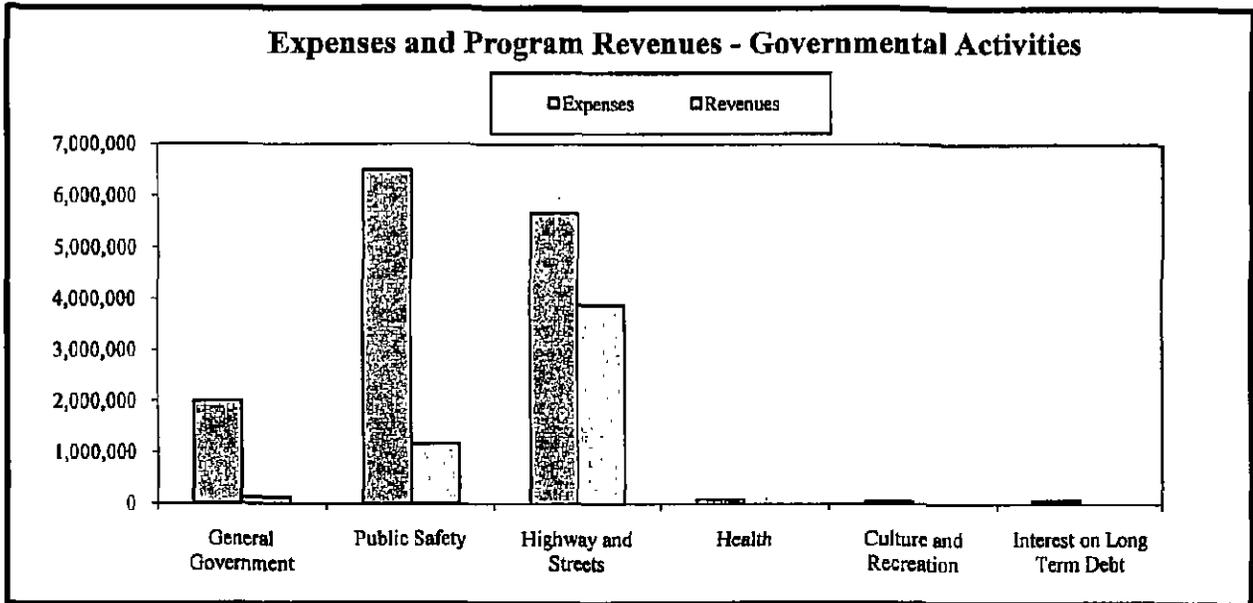
- Miscellaneous Income decreased by (\$83,615). This net decrease in revenue resulted from an increase of \$1,403 from chain store taxes, an increase of \$3,977 from alcoholic beverage tax, an increase of \$730 from fire insurance commissions, a decrease of (\$54,470) from insurance premium rebates received from Louisiana Workers Compensation Corporation (LWCC), a decrease of (\$286,000) from a prior fiscal year land donation from BP America of 11 acres for a park, a decrease of (\$105,000) from a prior fiscal year land donation of two lots (lot 26 & 29, square A) for additional parking area located in the antique district by Range Avenue Corporation, an increase of \$4,070 for land donation of 2 lots located along Bay Street at appraised value, an increase of \$50,000 from Livingston Parish Tourist Bureau toward renovation cost of the old city hall building, a net increase of \$1,967 from Keep Livingston Parish Beautiful Charitable Gaming Account to go toward landscaping cost of the old city hall building, an increase of \$34,134 from various fund raisers toward the cost of decorating old city hall with various furniture and fixtures, an increase of \$31,199 from the Denham Springs Pilot Club toward the construction cost of a special needs children park, a decrease of (\$32,065) in royalty income due to drop in market value for a barrel of oil, a decrease of (\$965) in rental income, a decrease of (\$13,800) in cemetery plots sales, an increase of \$303,594 in charitable gaming tax, and a decrease of (\$22,389) in miscellaneous income.



Total expenses from Governmental Activities increased by \$286,664.

- Total salaries charged to governmental activities increased from \$5,165,121 to \$5,318,151 for a net increase of \$153,030 or 3%. This net increase in salaries resulted from response to Hurricane Gustav, from the hiring of a city attorney, a student worker, a fireman and a secretary for old city hall. In addition, an increase in the federal minimum wage from \$5.85 to \$6.55 per hour affected student worker pay and was offset by the layoff of two fire administrative staff, three street workers and a litter officer.

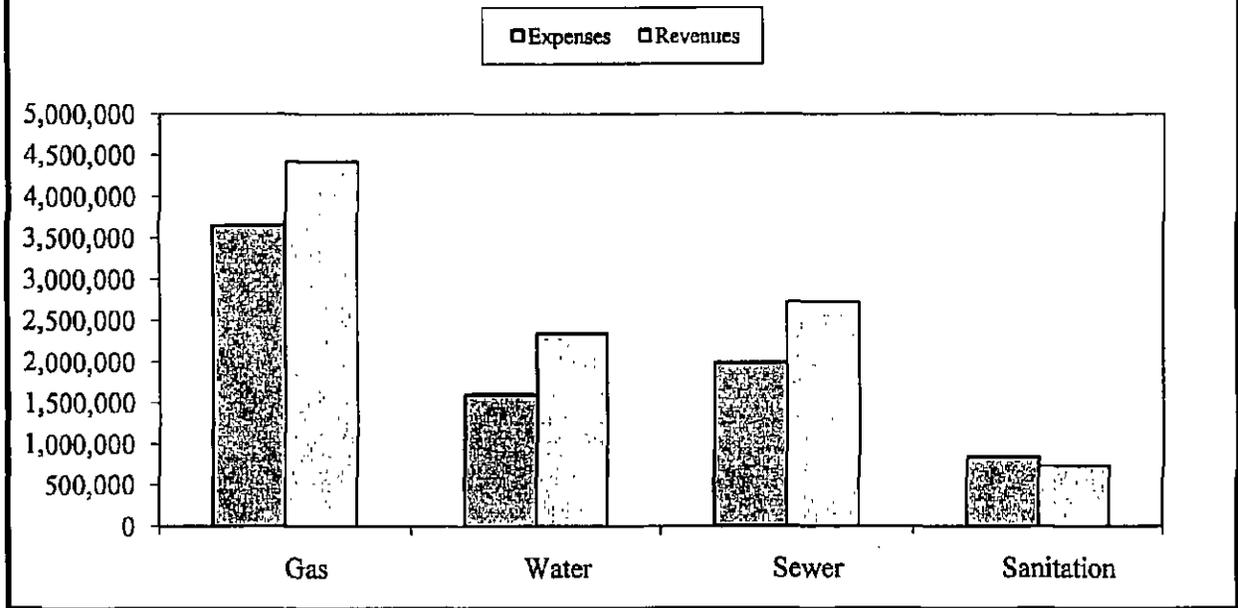
- Related payroll taxes and employee benefits charged to governmental activities increased from \$1,369,032 to \$1,377,288 for a net increase of \$8,256 or 1%. Attributable to this net increase is the above detailed salaries increase and increased cost of employee health insurance premiums.
- General Government other than salaries and benefits decreased (\$251,170). Key to this net decrease is reduced legal and professional expenses of (\$201,082), reduced general liability and physical damage insurance expenses of (\$21,448), reduced repair and maintenance cost of (\$50,034), an increase of \$13,535 in depreciation expense, a decrease of (\$16,969) for adjustment to compensated absences offset by a reduction in motor pool income subtracted of \$3,869 and a net increase of \$20,959 in all other expenses.
- Public Safety activities other than salaries and benefits decreased (\$44,085). Key to this net decrease is reduced legal and professional fees of (\$75,953), reduced general liability and physical damage insurance expenses of (\$41,324), reduced equipment expenses of (\$42,869), an increase in repair and maintenance cost of \$24,793, an increase in depreciation expense of \$81,853, a decrease of (\$4,812) in adjustment to compensated absences offset by a reduction in motor pool income subtracted of \$31,707 and net decreases of (\$17,480) in all other expenses.
- Highways and Streets activities increased \$340,681. This net increase is mainly attributable to contracted Hurricane Gustav debris removal cost of \$3,863,606 offset by reduced Range Road Corridor Project construction cost of (\$3,377,905). In the prior fiscal year, the Range Road Corridor Project was nearly complete. Because the project is on a state highway, funded by the State of Louisiana, and the City would not own the road, the project is not considered a capital asset of the City but reported as an expense. Other key factors is reduced legal and professional expenses of (\$4,799), increased general liability and physical damage insurance expenses of \$23,196 due to vehicle purchases and new buildings and content coverage, reduced street maintenance and materials of (\$89,396), reduced equipment expenses of (\$30,702), a decrease in depreciation expense of (\$35,615), an increase of \$10,418 in adjustment to compensated absences offset by a reduction in motor pool income subtracted of \$11,469 and net decreases of (\$29,591) in all other expenses.
- Health activities decreased (\$1,854). This net decrease is attributable to a decrease of (\$6,207) mostly from Council on Aging building maintenance and electricity expense and a decrease of (\$1,819) mostly from Youth and Family Counseling building maintenance expenses. These programs operate from City owned buildings in accordance with executed cooperative endeavor agreements. In addition a decrease of (\$63) in the cost of funding garbage collection at the Denham Springs Housing Authority units located at Eugene Street, an increase of \$1,000 toward the Baton Rouge Area Food Bank serving the citizens of Denham Springs, and an increase of \$5,235 in pest control expenses.
- Culture and Recreation activities increased \$27,119. The key factor in this increase is an increase of \$15,264 in operation and maintenance cost of the old city hall building plus office supplies, printing, communication cost and other expenses required by the secretary staffing the renovated old city hall building plus a \$17,815 increase in depreciation expense for the recently renovated old city hall building and an increase of \$178 for an adjustment for compensated absences offset by a decrease of (\$6,138) in main street expenses.
- Interest on Long-Term Debt increased \$54,687 because the City incurred additional debt of \$979,291 for financing a fire aerial truck and a fire pumper truck.



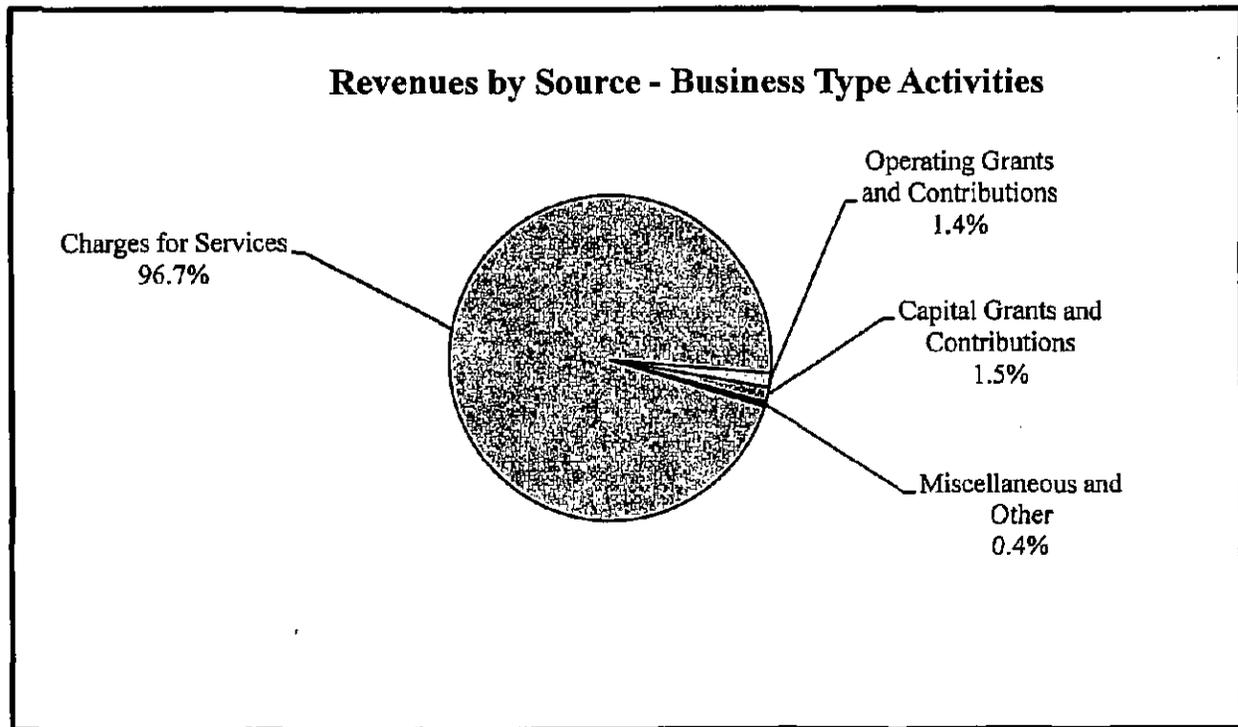
Business-type activities. Business-type activities increased the City of Denham Springs's net assets by \$2,193,136 accounting for 82 percent of the total increase in the government's net assets as compared to a prior fiscal year change in net assets of \$172,384 or 42 percent. Key elements to this net increase of \$2,020,752 in net assets are as follows.

- The operating income of \$1,877,862 from business-type activities increased by \$1,927,395 from the prior year operating loss of (\$49,533). Attributable to this increase is the increased annualized rates on fees charged gas, water and sewer customers adopted February 25, 2008 and implemented in the month of March 2008 with billing cycle No. 1. Finally, the City continues to absorb a sanitation loss of (\$103,905). Key to this loss is the continued decision to absorb \$117,937 of administrative cost.
- Non-operating revenue increased by \$169,997. This increase is mainly attributable to Hurricane Gustav Federal Emergency Management Agency (FEMA) reimbursements of \$188,061 offset by a decrease in interest earned of (\$24,301), a decrease of (\$199) from the amortization of bond premium and an increase in miscellaneous revenues of \$6,436.
- Non-operating expenses decreased by \$11,264. Key to this net decrease is reduction in miscellaneous expenses of (\$13,677) offset by an increase in amortization of bond cost of \$1,807 and amortization of bond discount of \$606 from the issuance of 2006 Utility Revenue Bonds.
- Capital contributions decreased by (\$87,904). Key to this decrease of sewer impact fee receipts is the economic slowdown of small commercial and residential developments in the current fiscal year.
- Transfers did not increase or decrease. No transfers were authorized for the current or prior fiscal year.

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 \$4,306,399, an increase of \$429,942 in comparison with the prior year. Approximately 84% of this total amount, \$3,628,500, constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance (\$677,899) 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.

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 \$3,466,081 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 23 percent of total general fund expenditures.

During the current fiscal year, the fund balance of the City of Denham Springs' general fund increased by \$638,042, an increase over the prior fiscal year net change in fund balance of \$2,640,522. Key factors in this increase are as follows:

- General fund revenue excluding Hurricane Gustav federal disaster reimbursements resulted in a net decrease of (\$153,626) compared to the prior fiscal year. Key factors to this net decrease is an increase in taxes revenues of \$402,375, a decrease in licenses and permits of (\$3,055), an increase in fines and forfeits of \$31,536, a decrease of (\$83,375) in interest income, a decrease of (\$15,229) in fees charged, an increase in intergovernmental revenue of \$57,620 excluding Hurricane Gustav federal disaster reimbursements of \$4,039,940, and a decrease in miscellaneous revenue of (\$543,498). These revenues have been detailed in the governmental activities section above – pages 9-11. Key to future revenue growth will be economic stability of Livingston Parish and the southeastern portion of the State of Louisiana.
- General government expenditures decreased by \$944,240. Salaries increased \$5,634 or less than 1.0%. Key to this increase was the hiring of a student worker and a city attorney offset by the transfer of two fulltime employees from the cemetery department to the street department. Benefits decreased (\$1,003) or less than 1.0% attributable to transfer of two fulltime employees receiving full benefits that include health, dental and life insurance paid by the City, from the cemetery department to the street department, legal and professional fees decreased (\$201,082) or 66% due to hiring of a city attorney, land acquisitions decreased (\$493,765), equipment purchases decreased (\$207,422) and all other expenses saw a net decrease of (\$46,602).
- Public Safety expenditures increased (\$248,396). Attributable to this net increase is salaries of \$66,265 or 2.0% resulting from response by fire and police personnel to Hurricane Gustav offset by police administrative staff overtime related directly to reduced background check fee revenue,

benefits decreased (\$19,035) or 2.0% due to reduction in number of employees eligible for fulltime benefits including health, dental and life paid by the City and benefits attributable to reduced police administrative staff overtime directly correlating to decreased background check fee revenue, legal and professional fees decreased (\$74,953) or 55% due to hiring of a city attorney, equipment purchases increased \$353,999 and all other expenses experienced a net decrease of (\$77,880).

- **Highways and Street expenditures increased (\$3,759,981).** Attributable to this increase is salaries of \$71,419 or 11% resulting from the transfer of two employees from the cemetery department to the street department, eligible employees receiving a 3% merit increase and Hurricane Gustav overtime cost for debris cleanup, benefits increased \$25,237 or 14% as noted from the above salary increases plus annualized cost of benefits paid by the City for six employees hired in the prior fiscal year, contracted debris cleanup from Hurricane Gustav cost \$3,863,606, legal and professional fees decreased (\$4,799) due to hiring of a city attorney, decrease of (\$73,614) in equipment purchases, decrease of (\$89,396) in street and drainage maintenance projects, utility cost of street lights within the City decreased (\$11,817) due to decreased fuel cost of producing electricity and all other expenses had a net decrease of (\$20,655).
- **Health activities decreased \$1,854.** This net decrease is attributable to a decrease of (\$6,207) mostly from Council on Aging building maintenance and electricity expense and a decrease of (\$1,819) mostly from Youth and Family Counseling building maintenance expenses. These programs operate from City owned buildings in accordance with executed cooperative endeavor agreements. In addition a decrease of (\$63) in the cost of funding garbage collection at the Denham Springs Housing Authority units located at Eugene Street, an increase of \$1,000 toward the Baton Rouge Area Food Bank serving the citizens of Denham Springs, and an increase of \$5,235 in pest control expenses.
- **Culture and Recreation activities increased (\$18,482).** Key to this net increase is the hiring of a secretary to staff the old city hall building and the operational cost of the old city hall building resulting in a first fiscal year increase of \$28,033 offset by a decrease of (\$3,413) in equipment purchases for the main street program and a decrease of (\$6,138) in other main street expenses.
- **Debt Service increased (\$217,954).** Payment of principal increased \$176,154 and payment of interest increased \$41,800 attributable to the City incurring additional debt of \$979,291 for the financing of a fire aerial truck and a fire pumper truck. Payment terms require five annual payments, with the first payment timely remitted on April 1, 2009.
- **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' pension arrangements and post employment benefits can be found in Notes 11 and 12 in the notes to the financial statements.

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

	<u>Prior Employer Rate</u>	<u>Current Employer Rate</u>	<u>Rate Decrease</u>
Municipal Employees Retirement System of Louisiana	6.75%	6.75%	0.00%
Municipal Police Employees Retirement System of Louisiana	13.75%	9.50%	(4.25%)
Firefighters Retirement System of Louisiana	13.75%	12.50%	(1.25%)

Overall retirement cost decreased (\$35,242) for the fiscal year ended June 30, 2009. The net decreases breakdown as follows:

	<u>FY 07-08</u>	<u>FY 08-09</u>	<u>Net Increase (Decrease)</u>
Municipal Employees Retirement System of Louisiana	\$ 214,509	\$ 223,192	\$ 8,683
Municipal Police Employees Retirement System of Louisiana	205,658	154,283	(51,375)
Firefighters Retirement System Of Louisiana	<u>126,802</u>	<u>134,252</u>	<u>7,450</u>
Total	<u>\$ 546,969</u>	<u>\$ 511,727</u>	<u>\$ (35,242)</u>

- Equipment purchases in the general fund increased by \$69,550 over the prior fiscal year. Significant to this increase was the general provisions purchases of computer software and hardware for performing financial duties plus scanning personnel files valued at \$13,026, planning and zoning purchases of a 2009 Ford F-150 truck for an inspector and building inspection software valued at \$19,399, fire department purchases of flowmeter, 40' storage container, two laptops, a 2008 aerial truck and a 2008 pumper truck valued at \$1,031,677, police department purchases of computer laptops for police cruisers, video cameras for police cruisers, speed detection laser and tasers valued at \$54,257, and street department purchases of a boom flail mower and fencing around the street department building valued at \$16,283. Total equipment purchases for the fiscal year were \$1,134,082 compared to the prior fiscal year purchases of \$1,065,092.
- No transfers in or out for the current fiscal year compared to a prior year transfer out to the Capital Projects fund of \$1,199,062.
- Proceeds from the issuance of debt increased by \$853,865 in the current fiscal year compared to the prior year proceeds from issuance of debt of \$125,426.

The debt service fund has a total unreserved fund balance of \$3,263, compared to a prior year unreserved fund balance of \$3,255. The increase is interest earned of \$8.

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

Charges for services increased \$1,566,496. This is attributable to previously discussed annualized rate increase of February 25, 2008 and implemented in the month of March 2008 with billing cycle No. 1.

Operating expenses decreased \$360,899. Key to this net decrease is the increase of (\$178,504) in personal services and benefits, a decrease of \$119,351 in contractual services, a decrease of \$181,714 in cost of materials (natural gas), a decrease of \$15,100 in Louisiana Department of Environmental Quality (DEQ) compliance order fee, a decrease of \$17,737 in utilities (mainly electricity cost), a decrease of \$269,714 in repair and maintenance of gas, water and sewer system, a decrease of \$16,217 in supplies, a decrease of \$1,158 in insurance expense, an increase of (\$55,588) in depreciation expense and a (\$26,000) increase in bad debt expense.

Unrestricted net assets of the enterprise fund at the end of the year amounted to a deficit of (\$1,460,181). Key to this deficit is the City's investment in capital assets of cash and certificate of deposits especially in the wastewater treatment plant and the wastewater collection system. This major investment in the wastewater treatment and collection system was mandated by a Louisiana Department of Environmental Quality compliance order. The City made a significant attempt to repair its wastewater treatment plant. Due to the major growth in commercial development the city decided to replace its current wastewater treatment plant with a "state of the art" wastewater treatment plant. It was at this point the city opted to fund this new plant through the issuance of a 2006 series and a 2008 series bond issue. The total increase in net assets for the enterprise fund for the fiscal year ended June 30, 2009 is \$2,193,136. The increase in net assets and 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 final budgeted revenues were increased by \$3,980,859 over the original budget. Key to this increase is:

- Ad Valorem (Property) tax was increased by \$8,000 due to original conservative projection.
- Sales tax revenue was decreased by (\$218,081) due to the economic slowdown.
- Chain Store tax was increased by \$1,723 due to additional commercial store openings within the city.
- Alcoholic beverage tax was increased \$625 based on current receipts and historical data.
- Wrecker franchise tax was decreased (\$625) due to fewer wrecker companies operating within the city.
- Electrical franchise tax was increased by \$40,000 due to current receipts and historical data.
- Cable TV Franchise tax was increased by \$3,846 due to added customers for cable service.
- Gaming tax is a new revenue source from operation of two video bingo parlors within the city limits. Based on current receipts, it is projected to add \$281,321 to general fund revenue.
- Occupational license fee revenue was increased by \$18,000 due to the Bass Pro Development.
- Insurance license fee revenue increased \$25,000 based on current receipts and historical data.

- Other permits and license fee revenue decreased (\$32,746). Key to this net decrease is reduction in building permits of (\$30,000) due to economic slowdown, reduction of (\$2,800) in permits issued by the fire department offset by net increase of \$54 in all other permits and license fee revenue.
- Fines and forfeit revenue was increased \$23,873 based on current receipts and historical data.
- Interest income revenue was decreased (\$86,000). This decrease was based on the rapid decline 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 six years. This is an increase of \$9,000 based on current receipts and historical data. Unknown at the time the amended budget number was established is that the major customer being provided background check fee services would stop doing business with the city because the city decided to increase its per fee service from \$5 to \$8.
- Intergovernmental revenue increase was due to Hurricane Gustav disaster grant revenue of \$3,997,018. This was established based on claim information submitted to Federal Emergency Management Agency (FEMA) at the time of the amended budget being introduced and adopted.
- Police overtime reimbursement from the FBI increased \$16,204. This resulted from assigning an officer to FBI.
- State supplemental pay revenue – fire department supplemental pay was decreased (\$27,132) due to a decrease in eligible fire personnel.
- Supplemental pay revenue – police department supplemental pay remained the same based on number of eligible police personnel.
- Fire department grants decreased (\$500).
- Other grant revenue increased \$625.
- Miscellaneous revenue for insurance premium rebate was decreased (\$46,407) based on preliminary information received.
- Miscellaneous revenue for royalty income was decreased (\$30,000) due to a significant drop in the rate on the spot market for a barrel of oil.
- Miscellaneous revenue for rent income was decreased (\$5) based on current receipts.
- Miscellaneous revenue captioned miscellaneous was decreased (\$2,880) based on current receipts and historical data.

Expenditures:

Total budgeted appropriations were increased by (\$3,294,603). General Government overall was increased (\$5,853). Public Safety was decreased \$409,603. Key to this decrease was reduced equipment purchased in the fire and police departments. Highway and Streets was increased (\$3,667,945). Key to this increase was Hurricane Gustav contracted debris cleanup cost offset by decrease in equipment purchased and streets maintenance and materials. Health was decreased \$971. Culture and Recreation increased (\$31,379). Key to this increase was hiring of a fulltime secretary for the renovated old city hall building and the operational cost of the old city hall building.

Other Financing Sources (Uses):

Total budgeted other financing sources – proceeds from issuance of debt was decreased (\$663,777). The City decided due to the economic slowdown to forego the purchase of vehicles to be financed by the issuance of debt, except for the purchase of a fire aerial truck and a fire pumper truck.

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, 2009, amounts to \$54,971,335 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, roads, highways, and drainage. The total increase in the City of Denham Springs' investment in capital assets for the current fiscal year was 64% (a 2% percent increase for governmental activities and a 62% percent increase for business-type activities).

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

- Land increased \$4,570 based on appraised fair market value of two donated lots on Bay Street, Denham Springs fronting the Range Avenue Corridor for the planting of trees.
- Construction in progress decreased (\$1,374,003).
- Construction in progress balance of \$112,488 continues for the Antique District parking lot overlay of \$10,039 and Kidz Korner Playland special needs park of \$102,449
- Completed construction in progress projects during the current fiscal year total \$1,797,277. Of this completed total, current fiscal year expenditures on completed projects totaled \$423,274.
- Jason Drive drainage project – phase II totaling \$58,157.
- Hatchell Lane/Maple Street drainage project totaling \$269,960.
- Joan Street drainage project totaling \$95,329.
- Range Road Corridor sidewalk project totaling \$68,140.
- Range Road Corridor landscape project totaling \$15,977.
- Hatchell Lane turnlane drainage project totaling \$339,623.
- Old City Hall building renovation project totaling \$950,091.
- Equipment purchases have already been detailed on page 18.

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

- Construction in progress of \$20,921,795 financed by a \$23,765,000 2006 Utility Revenue Bond issued for the construction of new sewer treatment facility, two water wells, a 1 million gallon water tower, and water mains and hydrants within the city.
- Construction in progress of \$7,154,347 financed by a \$9,100,000 2008 Utility Revenue Bond issued for the construction of a new sewer treatment facility, new sewer/water building and deep sewer project.
- Construction in progress of \$5,823 paid from the utility fund for Cook Road water tower project.
- Construction in progress of \$99,096 paid from the utility fund for sewer lift station renovations, Pete's Hwy. lift station cover re-design, 18" gravity line project and barrier design for Rushing Road lift station.
- Construction in progress of \$41,623 paid from sewer impact fee monies for lift station pumps, sewer lift station renovations, extending sewer line to new Walgreens Pharmacy and extending sewer line from Range Road to Vincent highway.
- Construction in progress of \$22,357 to be financed by a \$23,750,000 2009 Utility Revenue Bond issue for the construction of a new sewer collection system within the newly created Denham Springs Sewerage District No. 1.
- Completed construction in progress of \$401,006 for natural gas line relocations and expansion to new developments.

- Completed construction in progress of \$54,719 for expansion of water services to customers outside the city limits.
- Completed construction in progress of \$20,445 paid from the utility fund for lift station pumps.
- Completed construction in progress of \$29,161 paid from the utility fund for Springwood Street/Golden Age Nursing Home lift station.
- Gas department purchased a manual pipe scaper 2" – 6" at a cost of \$1,975.
- Gas department purchased unit #502 a 35+5 combo trailer at a cost of \$12,952.
- Gas department purchased Friatec electrofuse processor at a cost of \$4,475.
- Gas department purchased a PE32 Polytapp tapping machine at a cost of \$17,199.
- Water department purchased unit# 498 a 20' utility trailer at a cost of \$3,838.
- Water department purchased two power electric 2" tapping tools at a cost of \$4,312.
- Water department purchased a pipe and cable locator at a cost of \$2,800.
- Water department purchased unit# 504 a 5' X 8' trailer with ramp, 3500 lb. axel at a cost of \$2,133.
- Water department purchased a combination shower/eyewash station at a cost of \$2,615.
- Water department purchased for unit# 451, a 2008 Ford pickup truck, a CC roll and lock bed topper at a cost of \$1,325.
- Sewer department purchased unit# 499 a 20' utility trailer at a cost of \$3,838.
- Sewer department purchased unit# 501 a trailer mounted sewer jet rodder at a cost of \$44,780.
- Sewer department purchased a 5' X 8' utility trailer at a cost of \$898.
- Utility administration purchased a Dell Athlon computer at a cost of \$620.
- Gas department disposed at Louisiana State Auction unit# 291 a 1998 GMC pickup truck originally purchased at a cost of (\$26,364). This asset was fully depreciated at time of disposal.
- Water department disposed at Louisiana State Auction unit# 306 a 2000 Dodge RAM 1500 pickup truck originally purchased at a cost of (\$11,693). This asset was fully depreciated at time of disposal.

Capital Assets
(Net of Accumulated Depreciation)
June 30, 2009 and 2008

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 1,222,026	\$ 1,217,456	\$ 189,666	\$ 189,666	\$ 1,411,692	\$ 1,407,122
Buildings and Improvements	2,775,678	1,946,048	372,536	384,282	3,148,214	2,330,330
Gas System	-	-	1,912,301	1,610,009	1,912,301	1,610,009
Water System	-	-	2,533,964	2,655,290	2,533,964	2,655,290
Sewer System	-	-	11,621,067	11,936,588	11,621,067	11,936,588
Machinery and Equipment	2,666,208	2,003,285	708,249	801,818	3,374,457	2,805,103
Infrastructure	2,612,111	1,916,120	-	-	2,612,111	1,916,120
Construction in Progress	112,488	1,486,491	28,245,041	7,332,586	28,357,529	8,819,077
Total	\$ 9,388,511	\$ 8,569,400	\$ 45,582,824	\$ 24,910,239	\$ 54,971,335	\$ 33,479,639

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

Long-term debt. At the end of the current fiscal year, the City of Denham Springs had total debt outstanding of \$32,901,746. Of this amount, \$857,125 comprises debt backed by the full faith and credit of the City. The remainder of the debt \$32,044,621 is secured by utility service charges and lawfully available funds. There are no general obligation bonds outstanding by the City of Denham Springs at June 30, 2009.

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Obligations Under						
Capital Leases \$	857,125	\$ 151,634	\$ -	\$ -	\$ 857,125	\$ 151,634
Revenue Bonds	-	-	32,044,621	32,528,203	32,044,621	32,528,203
Total	\$ 857,125	\$ 151,634	\$ 32,044,621	\$ 32,528,203	\$ 32,901,746	\$ 32,679,837

During the current fiscal year, the City of Denham Springs' total debt increased by \$221,909. This resulted from entering into a capital lease of \$979,291 to finance the purchase of a fire aerial truck and a fire pumper truck. Offsetting this increase are the regular capital lease principal payments made during the fiscal year of \$93,700, the first principal payment on the two fire vehicles on April 1, 2009 of \$180,100 and principal payments on the Utility Fund Revenue Bonds net of bond premium amortization of \$483,582.

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

Economic Factors and Next Year's Budgets and Rates

- The June 2009 unemployment rate for the City of Denham Springs was 7.3 percent, which is an increase from a rate of 4.7 percent a year ago. This compares favorably to the state's average unemployment rate of 7.7 percent and compares favorably to the national average rate of 9.7 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 2010 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased to \$3,466,081. The City adopted a 2010 fiscal year budget setting anticipated revenue of \$9,970,488 to exceed appropriated expenditures of \$9,911,401 by \$59,087. Of note is the adoption of a net decrease in revenue of (\$499,472) compared to the previous fiscal year's original budget excluding prior fiscal year other financing sources – proceeds from debt issuance of \$1,667,919. Key to this net decrease is the collection of city sales tax. The

next paragraph details how budgeted city sales tax revenue was established for the fiscal year 2009 – 2010. Appropriations, excluding prior fiscal year vehicle purchases of \$1,667,919 financed by proceeds from debt issuance, decreased by \$552,427. Key to this net decrease is decreased salaries and wages of \$414,221 resulting from employee retirements, employee layoffs, opting to forego filling previously authorized positions and replacing fulltime employees with part-time employees. General government decreased salaries by \$26,659, public safety decreased salaries by 338,468, highway and streets decreased salaries by \$73,325 while culture and recreation increased salaries by (\$24,231) with the hiring of a new secretary for the renovated old city hall building. Also key to this net decrease is benefits decreased \$69,222. General government decreased benefit cost by \$26,332, public safety decreased benefit cost by \$33,760, highway and streets decreased benefit cost by \$18,962 while culture and recreation increased benefit costs by (\$9,832) as explained above for appropriated salaries. All other city appropriations resulted in a net decrease of \$68,984.

The City of Denham Springs' general fund received for the fiscal year 2008-2009 approximately 66% of its revenues or \$6,921,858 from the 1-½% general sales and use tax levied by the City of Denham Springs. This is calculated excluding from revenues the one-time receipt of FEMA hurricane disaster grant of \$4,039,940. Based on actual collections and the economic slowdown the City anticipates that its sales tax revenues for the budget year 2009-2010 to be approximately \$6,616,000. This is a conservative revenue estimate that is based on sales tax collections for the fiscal year 2006 – 2007.

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, 2009

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	City Court of Denham Springs - Ward II	Marshal of City Court of Denham Springs - Ward II	Denham Springs Economic Development District
ASSETS						
Cash and Cash Equivalents	\$ 715,018	\$ 344,891	\$ 1,059,909	\$ 322,463	\$ 26,796	\$ 1,382
Investments	785,000	-	785,000	224,220	-	-
Receivables, Net	215,082	982,497	1,197,579	1,322	603	3,608
Due from Other Governments	1,700,483	188,061	1,888,544	-	5,539	620,056
Due from Component Unit	11,783	-	11,783	-	-	-
Internal Balances	2,192,576	(2,192,576)	-	-	-	-
Inventories	12,150	185,476	197,626	-	-	-
Prepaid Items	-	13,059	13,059	-	-	-
Restricted Assets:						
Cash	-	6,200,776	6,200,776	-	-	5,365,850
Investments	-	806,045	806,045	-	-	-
Receivable	-	526	526	-	-	1,151
Deferred Bond Issuance Costs	-	1,467,517	1,467,517	-	-	877,020
Capital Assets:						
Land and Construction in Progress	1,334,514	28,434,707	29,769,221	-	-	7,303,750
Other Capital Assets, Net of Depreciation	8,053,997	17,148,117	25,202,114	25,493	73,119	32,864,182
Total Assets	<u>\$ 15,020,603</u>	<u>\$ 53,579,096</u>	<u>\$ 68,599,699</u>	<u>\$ 573,498</u>	<u>\$ 106,057</u>	<u>\$ 47,036,999</u>
LIABILITIES						
Accounts Payable and Accrued Expenses	\$ 1,057,188	\$ 3,092,454	\$ 4,149,642	\$ 534	\$ 51,942	\$ 999,148
Due to Primary Government	-	-	-	-	11,783	-
Non-Current Liabilities:						
Due Within One Year	384,645	665,222	1,049,867	8,136	-	265,000
Due in More Than One Year	1,096,135	31,570,845	32,666,980	-	-	49,395,943
Total Liabilities	<u>2,537,968</u>	<u>35,328,521</u>	<u>37,866,489</u>	<u>8,670</u>	<u>63,725</u>	<u>50,660,091</u>
NET ASSETS						
Investment in Capital Assets, Net of Related Debt	8,531,386	19,710,756	28,242,142	25,493	73,119	(1,378,012)
Restricted for:						
Cemetery Care:						
Nonexpendable	677,899	-	677,899	-	-	-
Unrestricted	3,273,350	(1,460,181)	1,813,169	539,335	(30,787)	(2,245,080)
Total Net Assets	<u>12,482,635</u>	<u>18,250,575</u>	<u>30,733,210</u>	<u>564,828</u>	<u>42,332</u>	<u>(3,623,092)</u>
Total Liabilities and Net Assets	<u>\$ 15,020,603</u>	<u>\$ 53,579,096</u>	<u>\$ 68,599,699</u>	<u>\$ 573,498</u>	<u>\$ 106,057</u>	<u>\$ 47,036,999</u>

The accompanying notes constitute an integral part of this statement.

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CITY OF DENHAM SPRINGS
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 2,001,415	\$ -	\$ 31,697	\$ 90,364
Public Safety	6,501,384	619,044	496,914	49,270
Highways and Streets	5,665,185	14,510	3,865,748	-
Health	87,189	-	-	-
Culture and Recreation	47,985	-	-	-
Interest on Long-Term Debt	64,051	-	-	-
Total Governmental Activities	14,367,209	633,554	4,394,359	139,634
Business-Type Activities:				
Gas	3,645,980	4,391,189	26,512	-
Water	1,600,633	2,261,158	36,371	44,793
Sewer	1,986,382	2,537,311	80,385	106,229
Sanitation	837,536	733,631	-	-
Total Business-Type Activities	8,070,531	9,923,289	143,268	151,022
Total Primary Government	\$ 22,437,740	\$ 10,556,843	\$ 4,537,627	\$ 290,656
Component Units:				
City Court of Denham Springs - Ward II	\$ 445,971	\$ 353,869	\$ 28,013	\$ -
Marshal of City Court of Denham Springs - Ward II	546,767	288,594	123,716	-
Denham Springs Economic Development District	4,396,114	171,991	-	-
Total Component Units	\$ 5,388,852	\$ 814,454	\$ 151,729	\$ -
General Revenues:				
Taxes:				
Property				
Sales				
Occupational and Permits				
Franchise				
Miscellaneous				
Interest Income				
Payments from the City of Denham Springs				
Transfers				
Total General Revenues and Transfers				
Change in Net Assets				
Net Assets (Deficit) - Beginning of Year				
Net Assets (Deficit) - 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 Activities	Business-Type Activities	Total	City Court of Denham Springs - Ward II	Marshal of City Court of Denham Springs - Ward II	Denham Springs Economic Development District
\$ (1,879,354)	\$ -	\$ (1,879,354)	\$ -	\$ -	\$ -
(5,336,156)	-	(5,336,156)	-	-	-
(1,784,927)	-	(1,784,927)	-	-	-
(87,189)	-	(87,189)	-	-	-
(47,985)	-	(47,985)	-	-	-
(64,051)	-	(64,051)	-	-	-
(9,199,662)	-	(9,199,662)	-	-	-
-	771,721	771,721	-	-	-
-	741,689	741,689	-	-	-
-	737,543	737,543	-	-	-
-	(103,905)	(103,905)	-	-	-
-	2,147,048	2,147,048	-	-	-
(9,199,662)	2,147,048	(7,052,614)	-	-	-
-	-	-	(64,089)	-	-
-	-	-	-	(134,457)	-
-	-	-	-	-	(4,224,123)
-	-	-	(64,089)	(134,457)	(4,224,123)
205,201	-	205,201	-	-	-
6,921,858	-	6,921,858	-	-	2,983,899
981,531	-	981,531	-	-	-
870,836	-	870,836	-	-	-
672,517	15,980	688,497	3,307	25,650	-
28,654	30,108	58,762	13,745	392	44,593
-	-	-	46,860	54,708	-
-	-	-	-	-	-
9,680,597	46,088	9,726,685	63,912	80,750	3,028,492
480,935	2,193,136	2,674,071	(177)	(53,707)	(1,195,631)
12,001,700	16,057,439	28,059,139	565,005	96,039	(2,427,461)
<u>\$ 12,482,635</u>	<u>\$ 18,250,575</u>	<u>\$ 30,733,210</u>	<u>\$ 564,828</u>	<u>\$ 42,332</u>	<u>\$ (3,623,092)</u>

CITY OF DENHAM SPRINGS

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30 2009

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 111,954	\$ 177,602	\$ 289,556
Investments, at Cost	200,000	585,000	785,000
Receivables:			
Ad Valorem Taxes, Net	5,992	-	5,992
Other	198,952	10,138	209,090
Due from Other Funds	3,453,498	1,199,062	4,652,560
Due from Other Governments	1,698,787	-	1,698,787
Due from Component Units	11,783	-	11,783
Total Assets	<u>\$ 5,680,966</u>	<u>\$ 1,971,802</u>	<u>\$ 7,652,768</u>
LIABILITIES			
Accounts Payable	\$ 727,434	\$ 3,625	\$ 731,059
Payroll Taxes Payable	6,295	-	6,295
Retirement and Group Insurance Payable	71,527	-	71,527
Accrued Salaries and Wages	138,874	-	138,874
Due to Other Funds	1,199,062	1,127,859	2,326,921
Other Liabilities	71,693	-	71,693
Total Liabilities	2,214,885	1,131,484	3,346,369
FUND BALANCES			
Fund Balances:			
Reserved for Cemetery Expenditures	-	677,899	677,899
Unreserved, Reported In			
General Fund	3,466,081	-	3,466,081
Capital Projects Fund	-	93,904	93,904
Debt Service Fund	-	3,263	3,263
Witness Fee Fund	-	65,252	65,252
Total Fund Balances	<u>3,466,081</u>	<u>840,318</u>	<u>4,306,399</u>
Total Liabilities and Fund Balances	<u>\$ 5,680,966</u>	<u>\$ 1,971,802</u>	<u>\$ 7,652,768</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, 2009

Fund Balances-Total Governmental Funds		\$ 4,306,399
<p>Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:</p>		
<p>Capital Assets Used in Governmental Activities are not Financial Resources and are not Reported in the Governmental Funds</p>		
Governmental Capital Assets	\$ 17,190,199	
Less Accumulated Depreciation	<u>(7,843,493)</u>	9,346,706
<p>Long-Term Liabilities are not Due and Payable in the Current Period and Therefore are not Reported in the Governmental Funds:</p>		
Compensated Absences Payable		(617,399)
Capital Lease Payable		(857,125)
Accrued Interest Payable on Capital Leases		(12,887)
<p>The Motor Pool Internal Service Fund is Used by Management to Charge the Cost of Vehicle Repairs to Individual Funds. The Assets and Liabilities of the Internal Service Fund are Included in Governmental Activities in the Statement of Net Assets</p>		
Motor Pool Internal Service Fund Net Assets		<u>316,941</u>
Net Assets of Governmental Activities		<u>\$ 12,482,635</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, 2009

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	\$ 8,381,213	\$ -	\$ 8,381,213
Licenses and Permits	981,531	-	981,531
Fines and Forfeits	474,065	-	474,065
Interest	11,548	16,277	27,825
Fees	119,104	26,452	145,556
Intergovernmental	4,474,714	90,364	4,565,078
Miscellaneous	140,426	129,925	270,351
Total Revenues	14,582,601	263,018	14,845,619
Expenditures:			
Current:			
General Government	1,923,995	19,674	1,943,669
Public Safety	7,148,230	-	7,148,230
Highways and Streets	5,409,480	-	5,409,480
Health	87,189	-	87,189
Culture and Recreation	29,992	-	29,992
Capital Outlay:			
General Government	-	278,400	278,400
Highways and Streets	-	173,038	173,038
Debt Service:			
Principal Retirement	273,800	-	273,800
Interest	51,164	-	51,164
Total Expenditures	14,923,850	471,112	15,394,962
Excess (Deficiency) of Revenues over Expenditures	(341,249)	(208,094)	(549,343)
Other Financing Sources (Uses):			
Proceeds from Issuance of Debt	979,291	-	979,291
Total Other Financing Sources (Uses)	979,291	-	979,291
Net Change in Fund Balances	638,042	(208,094)	429,948
Fund Balances at Beginning of Year	2,828,039	1,048,412	3,876,451
Fund Balances at End of Year	\$ 3,466,081	\$ 840,318	\$ 4,306,399

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, 2009

Net Change in Fund Balances - Total Governmental Funds	\$	429,948
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Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Governmental Funds Report Capital Outlays as Expenditures. However, in the Statement of Activities, the Cost of Those Assets is Allocated Over Their Estimated Useful Lives and Reported as Depreciation Expense.

Capital Outlay	1,562,486	
Depreciation Expense	<u>(741,030)</u>	
		821,456

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.

Proceeds from the Issuance of Capital Lease	(979,291)	
Repayment of Principal on Long-Term Debt	273,800	
Accrued Interest Payable on Capital Lease	(12,887)	

Some Expenses Reported in the Statement of Activities do not Require the use of Current Financial Resources and are not Reported as Expenditures in Governmental Funds.

Increase in Compensated Absences Payable		(85,267)
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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.

		<u>33,176</u>
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Change in Net Assets of Governmental Activities	\$	<u><u>480,935</u></u>
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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, 2009

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes:				
Ad Valorem Taxes	\$ 182,000	\$ 190,000	\$ 205,201	\$ 15,201
Alcoholic Beverage Tax	23,000	23,625	27,454	3,829
Cable TV Franchise Tax	167,000	170,846	171,080	234
Chain Store Tax	21,792	23,515	23,555	40
Charitable Gaming Tax	-	281,321	332,309	50,988
Electrical Franchise Taxes	705,000	745,000	698,111	(46,889)
Sales Taxes	7,134,735	6,916,654	6,921,858	5,204
Wrecker Franchise Tax	2,270	1,645	1,645	-
	<u>8,235,797</u>	<u>8,352,606</u>	<u>8,381,213</u>	<u>28,607</u>
Licenses and Permits:				
Occupational Licenses	805,000	848,000	882,017	34,017
Other Permits and Licenses	127,365	94,619	99,514	4,895
	<u>932,365</u>	<u>942,619</u>	<u>981,531</u>	<u>38,912</u>
Fines and Forfeits:				
Ward II Court	414,950	440,823	474,065	33,242
Forfeiture Funds	2,000	-	-	-
	<u>416,950</u>	<u>440,823</u>	<u>474,065</u>	<u>33,242</u>
Interest Income	98,000	12,000	11,548	(452)
Fees:				
Animal Adoption Fees	16,000	16,000	15,980	(20)
Background Check Fees	105,000	114,000	88,614	(25,386)
Road Maintenance Fees	14,150	14,150	14,510	360
	<u>135,150</u>	<u>144,150</u>	<u>119,104</u>	<u>(25,046)</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, 2009

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Intergovernmental:				
Federal Government:				
FEMA Hurricane Dissaster Grant	-	3,997,018	4,039,940	42,922
Law Enforcement Grants	-	16,204	34,814	18,610
State Government:				
Fire Insurance Commissions	30,000	30,000	33,482	3,482
Fire Department Grants	500	-	-	-
Law Enforcement Grants	95,000	95,000	44,188	(50,812)
On Behalf Payments for Salaries	326,400	299,268	291,366	(7,902)
Other Grant Revenue	31,000	31,625	30,924	(701)
	482,900	4,469,115	4,474,714	5,599
Miscellaneous:				
Insurance Premium Rebate	56,928	10,521	10,141	(380)
Donations - Property	-	-	4,070	4,070
Royalties	70,000	40,000	41,786	1,786
Wreck Reports	12,000	12,000	13,933	1,933
Rent Income	320	325	325	-
Miscellaneous	29,550	26,660	70,171	43,511
	168,798	89,506	140,426	50,920
Total Revenues	10,469,960	14,450,819	14,582,601	131,782

(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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
General Government:				
General Provisions:				
Salaries	503,771	505,020	514,419	(9,399)
Council Per Diems	60,000	60,000	60,000	-
Payroll Taxes, Retirement, and Group Insurance	132,135	135,934	135,273	661
Chamber of Commerce	10,000	10,000	10,000	-
Equipment Purchased	-	2,220	13,026	(10,806)
Insurance	37,159	34,123	28,410	5,713
Land Purchase	-	500	4,570	(4,070)
Legal and Professional	56,600	50,600	58,202	(7,602)
Membership Fees and Educational Training	15,000	19,000	22,177	(3,177)
Miscellaneous	65,581	55,606	65,732	(10,126)
Printing, Postage and Office Supplies	51,000	56,000	54,042	1,958
Rental Equipment	7,000	7,000	7,997	(997)
Repairs and Maintenance	56,500	48,500	41,757	6,743
Small Tools and Supplies	12,514	15,947	5,648	10,299
Telephone	40,000	40,000	48,145	(8,145)
Travel	25,000	22,500	21,966	534
Utilities	31,700	35,700	36,293	(593)
Total General Provisions	<u>1,103,960</u>	<u>1,098,650</u>	<u>1,127,657</u>	<u>(29,007)</u>
Cemetery:				
Contracted Services	50,000	50,000	52,917	(2,917)
Insurance	500	500	386	114
Miscellaneous	200	300	437	(137)
Repairs and Maintenance	11,000	11,000	24	10,976
Total Cemetery	<u>61,700</u>	<u>61,800</u>	<u>53,764</u>	<u>8,036</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
General Government (Continued):				
Tax:				
Salaries	51,971	51,971	49,080	2,891
Payroll Taxes, Retirement, and Group Insurance	12,238	12,223	11,923	300
Collection Fees	119,605	121,500	118,589	2,911
Equipment Expense	500	1,370	1,370	-
Insurance	1,867	1,867	1,410	457
Legal and Professional	850	7,400	7,331	69
Miscellaneous	3,000	3,550	1,647	1,903
Printing, Postage and and Office Supplies	4,950	4,950	2,764	2,186
Small Tools and Supplies	1,000	1,000	1,038	(38)
Tax Roll	5,125	5,125	5,125	-
	<u>201,106</u>	<u>210,956</u>	<u>200,277</u>	<u>10,679</u>
Total Tax				
Ward Court:				
Salaries	51,550	51,550	51,550	-
Payroll Taxes, Retirement, and Group Insurance	37,036	37,036	21,737	15,299
Additional Court Costs	22,694	22,694	7,938	14,756
Building Maintenance	13,500	13,500	13,182	318
Insurance	1,452	1,452	449	1,003
Legal and Professional	8,465	8,465	8,462	3
Payments to Component Units	83,071	83,071	101,568	(18,497)
Utilities	2,150	2,150	1,259	891
	<u>219,918</u>	<u>219,918</u>	<u>206,145</u>	<u>13,773</u>
Total Ward Court				

(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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
General Government (Continued):				
Planning and Zoning:				
Salaries	171,294	145,408	140,388	5,020
Payroll Taxes, Retirement, and Group Insurance	47,601	38,897	36,147	2,750
Demolition Expense	20,000	20,000	8,241	11,759
Equipment Purchased	18,000	18,979	19,399	(420)
Inspections	-	30,000	27,103	2,897
Insurance	10,488	10,488	9,580	908
Legal and Professional	19,000	22,500	27,534	(5,034)
Miscellaneous	13,700	15,700	9,538	6,162
Printing, Postage and Office Supplies	12,825	12,825	7,081	5,744
Repairs and Maintenance	750	-	78	(78)
Small Tools and Supplies	6,750	6,750	3,675	3,075
Vehicle Expense	5,000	5,000	1,192	3,808
Total Planning and Zoning	<u>325,408</u>	<u>326,547</u>	<u>289,956</u>	<u>36,591</u>
Landscaping:				
Contracted Services	50,500	50,500	46,123	4,377
Repairs and Maintenance	-	74	73	1
Total Landscaping	<u>50,500</u>	<u>50,574</u>	<u>46,196</u>	<u>4,378</u>
Total General Government	<u>1,962,592</u>	<u>1,968,445</u>	<u>1,923,995</u>	<u>44,450</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Public Safety:				
Animal Control:				
Salaries	227,937	205,328	214,317	(8,989)
Payroll Taxes, Retirement, and Group Insurance	32,971	27,751	26,728	1,023
Animal Care Expense	47,640	47,640	57,816	(10,176)
Equipment Expense	2,500	27,522	29,547	(2,025)
Insurance	11,234	11,234	9,432	1,802
Miscellaneous	13,887	17,494	17,196	298
Small Tools and Supplies	2,000	2,000	1,685	315
Telephone	2,000	2,000	3,109	(1,109)
Utilities	14,500	13,700	10,603	3,097
Total Animal Control	<u>354,669</u>	<u>354,669</u>	<u>370,433</u>	<u>(15,764)</u>
Fire:				
Salaries	1,507,056	1,493,747	1,491,266	2,481
Payroll Taxes, Retirement, and Group Insurance	428,614	423,497	406,096	17,401
Legal and Professional	16,000	36,000	32,130	3,870
Equipment Purchased	1,313,419	1,036,215	1,031,677	4,538
Equipment Expense	51,000	53,660	69,283	(15,623)
Insurance	158,670	158,670	151,624	7,046
Membership Fees and Educational Training	39,000	32,500	14,885	17,615
Miscellaneous	15,350	19,850	16,627	3,223
Printing, Postage and Office Supplies	5,900	5,900	2,229	3,671
Repairs and Maintenance	18,000	45,276	44,792	484
Small Tools and Supplies	64,000	67,200	31,197	36,003
Telephone	24,000	30,000	30,436	(436)
Uniforms	19,600	19,600	17,734	1,866
Utilities	28,400	27,500	29,931	(2,431)
Total Fire	<u>3,689,009</u>	<u>3,449,615</u>	<u>3,369,907</u>	<u>79,708</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Public Safety (Continued):				
Police:				
Salaries	2,258,206	2,258,206	2,106,788	151,418
Payroll Taxes, Retirement, and Group Insurance	571,473	563,814	533,805	30,009
Equipment Purchased	344,000	75,670	54,257	21,413
Equipment Expense	138,200	197,100	215,578	(18,478)
Equipment Rental	9,330	9,330	8,145	1,185
Insurance	209,264	204,210	153,398	50,812
Jail Expense	1,000	-	101	(101)
Membership Fees and Educational Training	15,000	15,000	3,035	11,965
Miscellaneous	25,600	33,242	21,372	11,870
Printing, Postage and Office Supplies	16,500	17,500	17,483	17
Professional Fees	21,500	25,212	28,022	(2,810)
Repairs and Maintenance	83,500	113,634	61,524	52,110
Small Tools and Supplies	23,000	21,661	14,282	7,379
Telephone	39,000	97,122	97,160	(38)
Uniforms	24,500	24,500	32,722	(8,222)
Utilities	62,000	58,800	50,957	7,843
Total Police	3,842,073	3,715,001	3,398,629	316,372
Litter Control:				
Salaries	34,946	7,985	7,211	774
Payroll Taxes, Retirement, and Group Insurance	10,820	1,231	1,229	2
Insurance	2,912	1,104	265	839
Miscellaneous	600	64	64	-
Equipment Expense	3,800	407	442	(35)
Telephone	900	50	50	-
Total Litter Control	53,978	10,841	9,261	1,580
Total Public Safety	7,939,729	7,530,126	7,148,230	381,896

(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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Highway and Streets:				
Streets:				
Salaries	701,662	738,562	733,420	5,142
Payroll Taxes, Retirement, and Group Insurance	206,893	208,641	201,293	7,348
Contract Services	-	3,866,983	3,863,606	3,377
Equipment Purchased	291,000	10,327	16,283	(5,956)
Equipment Expense	116,300	181,631	197,894	(16,263)
Equipment Rental	9,500	9,500	5,539	3,961
Insurance	82,434	79,063	93,486	(14,423)
Uniforms	7,500	7,500	6,555	945
Legal and Professional	700	761	1,931	(1,170)
Streets Maintenance and Materials	208,600	175,500	115,507	59,993
Membership Fees and Educational Training	1,000	1,000	143	857
Miscellaneous	21,750	34,443	27,153	7,290
Small Tools and Supplies	8,000	8,000	15,174	(7,174)
Telephone	5,500	8,200	8,826	(626)
Utilities	12,100	10,773	8,308	2,465
Total Streets	<u>1,672,939</u>	<u>5,340,884</u>	<u>5,295,118</u>	<u>45,766</u>
Lighting:				
Utilities	<u>124,000</u>	<u>124,000</u>	<u>114,362</u>	<u>9,638</u>
Total Lighting	<u>124,000</u>	<u>124,000</u>	<u>114,362</u>	<u>9,638</u>
Total Highways and Streets	<u>1,796,939</u>	<u>5,464,884</u>	<u>5,409,480</u>	<u>55,404</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Health:				
Council on Aging	53,896	53,896	45,735	8,161
Denham Springs Housing Authority	11,601	10,630	11,571	(941)
Food Bank Contribution	-	-	1,000	(1,000)
Pest Control	15,000	15,000	10,439	4,561
West Livingston Park	1,800	1,800	-	1,800
Youth and Family Counseling	21,900	21,900	18,444	3,456
Total Health	<u>104,197</u>	<u>103,226</u>	<u>87,189</u>	<u>16,037</u>
Culture and Recreation:				
Salaries	-	9,431	9,712	(281)
Payroll Taxes, Retirement, and Group Insurance	-	3,062	3,057	5
Committee Expenses	-	142	142	-
Equipment Rental	280	280	-	280
Insurance	100	2,213	950	1,263
Legal and Professional	-	2,870	3,578	(708)
Membership Fees and Educational Training	1,500	1,500	365	1,135
Repairs and Maintenance	200	4,200	4,361	(161)
Printing, Postage and Office Supplies	5,200	6,058	2,261	3,797
Telephone	1,200	4,700	3,149	1,551
Travel	1,500	1,500	-	1,500
Utilities	-	5,403	2,417	2,986
Total Culture and Recreation	<u>9,980</u>	<u>41,359</u>	<u>29,992</u>	<u>11,367</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Debt Service:				
Principal Retirement	318,310	318,310	273,800	44,510
Interest	-	-	51,164	(51,164)
Total Debt Service	<u>318,310</u>	<u>318,310</u>	<u>324,964</u>	<u>(6,654)</u>
Total Expenditures	<u>12,131,747</u>	<u>15,426,350</u>	<u>14,923,850</u>	<u>502,500</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,661,787)	(975,531)	(341,249)	634,282
Other Financing Sources (Uses):				
Proceeds from Issuance of Debt	<u>1,667,919</u>	<u>1,004,142</u>	<u>979,291</u>	<u>(24,851)</u>
Total Other Financing Sources (Uses)	<u>1,667,919</u>	<u>1,004,142</u>	<u>979,291</u>	<u>(24,851)</u>
Net Change in Fund Balances	6,132	28,611	638,042	609,431
Fund Balance at Beginning of Year	<u>2,828,039</u>	<u>2,828,039</u>	<u>2,828,039</u>	-
Fund Balance at End of Year	<u>\$ 2,834,171</u>	<u>\$ 2,856,650</u>	<u>\$ 3,466,081</u>	<u>\$ 609,431</u>

The accompanying notes constitute an integral part of this statement.

**CITY OF DENHAM SPRINGS
PROPRIETARY FUNDS**

STATEMENT OF NET ASSETS

JUNE 30, 2009

	<u>Business-Type Activities -</u>			<u>Governmental Activities - Motor Pool Internal Service Fund</u>
	<u>Utility Enterprise Fund</u>	<u>Denham Springs Sewer District Number 1</u>	<u>Total Business-Type Activities</u>	
Current Assets:				
Cash and Cash Equivalents	\$ 344,891	\$ -	\$ 344,891	\$ 425,462
Restricted Assets:				
Certificate of Deposit - Customer Deposit Account (Maturity Greater Than 90 Days)	806,045	-	806,045	-
Revenue Bond Covenant Accounts	493,065	-	493,065	-
Revenue Bond Construction Account	5,707,711	-	5,707,711	-
Accrued Interest Receivable	526	-	526	-
	<u>7,007,347</u>	<u>-</u>	<u>7,007,347</u>	<u>-</u>
Receivables:				
Accounts (Net of Allowance for Uncollectible Accounts of \$131,000)	349,616	-	349,616	-
Due from Other Governments	188,061	-	188,061	1,696
Other	16,322	-	16,322	-
Unbilled Utility Sales	616,559	-	616,559	-
	<u>1,170,558</u>	<u>-</u>	<u>1,170,558</u>	<u>1,696</u>
Inventory, at Cost	185,476	-	185,476	12,150
Due from Other Funds	1,124,760	-	1,124,760	-
Prepaid Expenses	13,059	-	13,059	-
Total Current Assets	<u>9,846,091</u>	<u>-</u>	<u>9,846,091</u>	<u>439,308</u>
Noncurrent Assets:				
Deferred Bond Issuance Costs	1,467,517	-	1,467,517	-
Capital Assets:				
Land and Construction in Progress	28,412,350	22,357	28,434,707	-
Other Capital Assets, at Cost (Net of Accumulated Depreciation)	17,148,117	-	17,148,117	41,805
Total Noncurrent Assets	<u>47,027,984</u>	<u>22,357</u>	<u>47,050,341</u>	<u>41,805</u>
Total Assets	<u>\$ 56,874,075</u>	<u>\$ 22,357</u>	<u>\$ 56,896,432</u>	<u>\$ 481,113</u>

The accompanying notes constitute an integral part of this statement.

	Business-Type Activities -			Governmental Activities - Motor Pool Internal Service Fund
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	
Current Liabilities				
(Payable from Current Assets):				
Accounts Payable	\$ 2,109,926	\$ -	\$ 2,109,926	\$ 24,296
Accrued Salaries and Wages	47,928	-	47,928	-
Accumulated Unpaid Vacation	47,861	-	47,861	1,564
Customers' Deposits	802,955	-	802,955	-
Bonds Payable - Current Portion	617,361	-	617,361	-
Other Current Liabilities	15,632	-	15,632	557
Due To Other Funds	3,294,979	22,357	3,317,336	133,063
Accrued Bond Interest	116,013	-	116,013	-
Total Current Liabilities	7,052,655	22,357	7,075,012	159,480
Noncurrent Liabilities:				
Accumulated Unpaid Vacation	143,584	-	143,584	4,692
Bonds Payable (Net of Unamortized Bond Premium)	31,427,261	-	31,427,261	-
Total Noncurrent Liabilities	31,570,845	-	31,570,845	4,692
Total Liabilities	38,623,500	22,357	38,645,857	164,172
Net Assets:				
Invested in Capital Assets, Net of Related Debt	19,710,756	-	19,710,756	41,805
Unrestricted	(1,460,181)	-	(1,460,181)	275,136
Total Net Assets	18,250,575	-	18,250,575	316,941
Total Liabilities and Net Assets	\$ 56,874,075	\$ 22,357	\$ 56,896,432	\$ 481,113

CITY OF DENHAM SPRINGS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

	Business-Type Activities -			Governmental Activities - Motor Pool Internal Service Fund
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	
Operating Revenues:				
Charges for Services	\$ 9,923,289	\$ -	\$ 9,923,289	\$ 662,293
Total Operating Revenues	9,923,289	-	9,923,289	662,293
Operating Expenses:				
Personal Services and Benefits	2,576,643	-	2,576,643	105,292
Contractual Services	1,098,511	-	1,098,511	-
Cost of Materials	2,045,426	-	2,045,426	491,191
DEQ Compliance Order	14,800	-	14,800	-
Utilities	390,378	-	390,378	5,054
Repair and Maintenance	603,046	-	603,046	8,354
Supplies	263,232	-	263,232	5,798
Insurance	161,431	-	161,431	9,013
Depreciation	848,960	-	848,960	6,940
Bad Debts	43,000	-	43,000	-
Total Operating Expenses	8,045,427	-	8,045,427	631,642
Operating Income	1,877,862	-	1,877,862	30,651
Nonoperating Revenues:				
Intergovernmental	188,061	-	188,061	1,696
Interest	25,921	-	25,921	829
Amortization of Bond Premium	4,187	-	4,187	-
Miscellaneous	15,980	-	15,980	-
Total Nonoperating Revenues	234,149	-	234,149	2,525
Nonoperating Expenses:				
Amortization of Bond Costs	21,498	-	21,498	-
Amortization of Bond Discount	606	-	606	-
Miscellaneous	3,000	-	3,000	-
Total Nonoperating Expenses	25,104	-	25,104	-
Income Before Contributions	2,086,907	-	2,086,907	33,176
Capital Contributions	106,229	-	106,229	-
Change in Net Assets	2,193,136	-	2,193,136	33,176
Total Net Assets at				
Beginning of Year	16,057,439	-	16,057,439	283,765
Total Net Assets at End of Year	<u>\$ 18,250,575</u>	<u>\$ -</u>	<u>\$ 18,250,575</u>	<u>\$ 316,941</u>

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, 2009

	Business-Type Activities -			Governmental
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	Activities - Motor Pool Internal Service Fund
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 9,815,541	\$ -	\$ 9,815,541	\$ 662,293
Cash Payments to Suppliers for Goods and Services	(4,787,392)	-	(4,787,392)	(515,085)
Cash Payments to Employees for Services and Benefits	(2,532,049)	-	(2,532,049)	(103,403)
Other Receipts (Payments)	162,234	22,357	184,591	368,914
Net Cash Provided by Operating Activities	2,658,334	22,357	2,680,691	412,719
Cash Flows From Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(21,846,913)	(22,357)	(21,869,270)	(4,595)
Interest Income Received on Bond Proceeds Capitalized	190,409	-	190,409	-
Interest Expense Paid that was Capitalized	(1,404,845)	-	(1,404,845)	-
Principal Paid on Revenue Bonds	(480,000)	-	(480,000)	-
Net Receipts from Customer Deposits	35,360	-	35,360	-
Capital Contributions	106,229	-	106,229	-
Net Cash Used in Capital and Related Financing Activities	(23,399,760)	(22,357)	(23,422,117)	(4,595)
Cash Flows From Investing Activities:				
Purchase of Investments	(40,000)	-	(40,000)	-
Interest Income Received	36,429	-	36,429	829
Net Cash Provided by (Used in) Investing Activities	(3,571)	-	(3,571)	829
Net Increase (Decrease) in Cash and Cash Equivalents	(20,744,997)	-	(20,744,997)	408,953
Cash and Cash Equivalents - Beginning of Year	27,290,664	-	27,290,664	16,509
Cash and Cash Equivalents - End of Year	\$ 6,545,667	\$ -	\$ 6,545,667	\$ 425,462
Schedule of Noncash Investing, Capital and Financing Activities:				
Amortization of Deferred Bond Expense	\$ 21,498	\$ -	\$ 21,498	\$ -
Amortization of Bond Premium and Discount (Net)	\$ (3,581)	\$ -	\$ (3,581)	\$ -

(CONTINUED)

**CITY OF DENHAM SPRINGS
PROPRIETARY FUNDS**

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2009

	Business-Type Activities -			Governmental
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	Activities - Motor Pool Internal Service Fund
Reconciliation of Operating Income to Net Cash				
Provided by (Used in) Operating Activities:				
Operating Income	\$ 1,877,862	\$ -	\$ 1,877,862	\$ 30,651
Adjustments to Reconcile Operating Income				
to Net Cash Provided by (Used In) Operating Activities:				
Depreciation	848,960	-	848,960	6,940
Provision for Bad Debts	43,000	-	43,000	-
Miscellaneous Revenues	15,980	-	15,980	-
Miscellaneous Expenses	(3,000)	-	(3,000)	-
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(123,006)	-	(123,006)	-
(Increase) Decrease in Other Receivables	129	-	129	-
(Increase) Decrease in Unbilled Utility Sales	15,129	-	15,129	-
(Increase) Decrease in Due from Other Funds	(1,262,525)	-	(1,262,525)	262,431
(Increase) Decrease in Inventory	(67,112)	-	(67,112)	29,941
(Increase) Decrease in Prepaid Expenses	2,440	-	2,440	-
Increase (Decrease) in Accounts Payable - Trade	(146,546)	-	(146,546)	(25,937)
Increase (Decrease) in Accrued Salaries and Wages	3,747	-	3,747	-
Increase (Decrease) in Other Current Liabilities	650	-	650	321
Increase (Decrease) in Due To Other Funds	1,411,779	22,357	1,434,136	106,483
Increase (Decrease) in Accumulated Unpaid Vacation	40,847	-	40,847	1,889
Net Cash Provided by Operating Activities	<u>\$ 2,658,334</u>	<u>\$ 22,357</u>	<u>\$ 2,680,691</u>	<u>\$ 412,719</u>

The accompanying notes constitute an integral part of this statement.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009

(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, 2009 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
 - 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.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

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. Based on the criteria above, the City of Denham Springs has included the following component units in the financial reporting entity:

BLENDDED COMPONENT UNIT

The City of Denham Springs created the Denham Springs Sewer District No. 1 on January 26, 2009, under the authority of Louisiana Revised Statute 33:3911 et. seq. The Denham Springs Sewer District No. 1 is a separate legal entity and is governed by the Mayor and the City Council of the City of Denham Springs and is reported as a proprietary *fund in the basic financial statements of the City of Denham Springs*. The purpose of the Sewer District is to install sewer infrastructure into unincorporated areas of Livingston Parish and within the designated boundaries of the District, to provide sewer services to residence of the area, and to set rates and collect sewer fees once the system is installed. The Sewer District will connect into the City of Denham Springs sewer treatment facility once the infrastructure is installed.

DISCRETELY PRESENTED COMPONENT UNITS

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

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

City 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

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

Court for certain other salaries and benefits. The City Court has jurisdiction over all violations of City Ordinances and State misdemeanor cases. The jurisdiction includes the incorporated area of the City of Denham Springs and Ward Two of Livingston Parish. The City has the ability to modify or approve their budget which comes from the General Fund. There are certain funds collected by the City Court, pursuant to state statute, which are under the control of the courts. The City's government-wide financial statements discretely presents the City Court of Denham Springs - Ward II's financial statements for the year ended June 30, 2009.

Marshal of City Court of Denham Springs - Ward II - The Marshal is an elected official provided by the Louisiana State Constitution. Fiscal interdependency exists between the City and the Marshal in that the City is required to provide the Marshal's office facilities, and reimburses the Marshal's office for certain other salaries and benefits. The Marshal of the City Court of Denham Springs has the power of a sheriff in the execution of the Court's orders and mandates in making requests and preserving the peace. The City has the ability to modify or approve the budget which comes from the General Fund. The Marshal serves the citizenry of the City of Denham Springs and Ward Two of Livingston Parish. The City's government-wide financial statements discretely presents the Marshal's financial statements for the year ended June 30, 2009.

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

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

The purpose of the District is to secure Sales Tax Increment Revenue bonds to be issued to provide funds for the construction of infrastructure improvements and acquiring, constructing and equipping the Bass Pro retail outlet and restaurant and ancillary items within the District. The District issued Sales Tax Increment Revenue Bonds Series 2007 A, B, and C dated March 1, 2007 in the total amount of \$41,540,000 and issued Sales Tax Increment Revenue Bonds Series 2008 dated May 27, 2008 in the amount of \$8,460,000. The proceeds are being used for the purchase of 24 acres within the 75 acre District and for the construction of the "Bass Pro Shops" project and infrastructure. The bonds will be repaid from sales tax revenues generated by developments within the

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

District. Collateral for the bonds is limited to the prospective developments and the City of Denham Springs has no liability for these bonds or for the debt service of these bonds.

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

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

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

The Denham Springs Economic Development Corporation has been included in the financial statements of the Denham Springs Economic Development District as a blended component unit, and the Denham Springs Economic Development District has been included in the City's government-wide financial statements as a discretely presented component unit for the year ended June 30, 2009.

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.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

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.

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.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

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.

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.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

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.

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

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.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

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.

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

D. Assets, Liabilities and Net 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.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

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

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

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

2. Receivables and Payables -

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

Advances between funds, as reported in the fund financial statements, are offset by a 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, 2009, 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, 2009.

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.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

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

4. Restricted Assets -

Primary Government -

Certain proceeds of the City's Enterprise Fund 2006 and 2008 Revenue Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "revenue bond construction" account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "revenue bond debt service" accounts are used to segregate resources accumulated for debt service payments over the next twelve months.

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

Restricted assets at June 30, 2009 include certificates of deposits with maturities greater than 90 days when purchased designated for utility deposits.

Component Unit -

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

5. Capital Assets -

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

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

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

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

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

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

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

6. **Compensated Absences -**

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

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.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

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

8. Fund Equity -

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 five (5) participants in the program as of June 30, 2009. Since the retiree healthcare benefit program is reimbursed to the City by the participants and the number of retirees opting to use this benefit has been historically low, the City determined any postemployment benefit accrual would be immaterial to the financial statements as the only potential accrual would be the implicit benefit of the retirees of paying the insurance group rate.

COBRA Benefits -

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premiums are paid by the City and reimbursed by the insured. This program is offered for a duration of eighteen (18) months after the termination date. There is no associated cost to the City under this program, and at June 30, 2009, there is only one (1) participant in the program.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

10. Use of Estimates -

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

11. Current Accounting Pronouncements -

In June 2007, the Government Accounting Standards Board issued GASB Statement No. 51 "Accounting and Financial Reporting for Intangible Assets." The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets, and more specifically easements or other types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. This Statement will be required to be adopted by the City of Denham Springs for the fiscal year ending June 30, 2010. Management is currently evaluating the effects of implementing this new pronouncement and believes this pronouncement will not have a material effect on the City of Denham Springs financial statements.

In June 2008, the Government Accounting Standards Board issued GASB Statement No. 53 "Accounting and Financial Reporting of Derivative Instruments." This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. This Statement will be required to be adopted by the City of Denham Springs for the fiscal year ending June 30, 2010. Management is currently evaluating the effects of implementing this new pronouncement and believes this pronouncement will not have a material effect on the City of Denham Springs financial statements.

In February 2009, the Government Accounting Standards Board issued GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." The objective of this Statement is to improve usefulness, including the understandability, of governmental fund balance information. This Statement provides more clearly defined categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. It also clarifies the existing governmental fund type definitions to improve the comparability of governmental fund financial statements and help financial statement users to better understand the purposes for which governments have chosen to use particular funds for financial reporting. This Statement will be required to be adopted by the City of Denham Springs for the fiscal year ending June 30, 2011.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

(2) Stewardship, Compliance and Accountability -

A. Budgetary Information

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

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

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

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

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

Budgeted amounts are as originally adopted, or as amended from time to time by the City Council. For the fiscal year ended June 30, 2009, the City Council approved the increase in the original expenditures of the General Fund from \$12,131,747 to \$15,426,350.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

The total General Fund increase amounted to \$3,294,603. The General Fund budget as amended was increased approximately \$3,900,000 for contract services related to hurricane debris cleanup, increased approximately \$149,000 for equipment expenses, increased approximately \$69,000 for telephone expenses and decreased by approximately \$823,000 for equipment purchase expenses. These areas were the major budget increases and decreases.

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

(3) Deposits and Investments -

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

The City also invests 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.

A. Primary Government

As reflected in Exhibit A-1, the City of Denham Springs, Louisiana has cash totaling \$7,260,685 and investments totaling \$1,591,045. 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, 2009.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Deposits in Bank Accounts per Balance Sheet:			
Cash and Cash Equivalents	\$ 715,018	\$ 6,545,667	\$ 7,260,685
Certificates of Deposit	<u>785,000</u>	<u>806,045</u>	<u>1,591,045</u>
	<u>\$1,500,018</u>	<u>\$ 7,351,712</u>	<u>\$ 8,851,730</u>

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

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, 2009, \$3,304,844 of the City's bank balance of \$9,898,353 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. Neither the City of Denham Springs nor its discretely presented component units has a policy for custodial credit risk.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 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.

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, 2009, are summarized below.

	<u>City Court of Denham Springs Ward II</u>	<u>Marshall of City Court of Denham Springs Ward II</u>	<u>Denham Springs Economic Development District</u>
Deposits in Bank Accounts			
Per Balance Sheet:			
Cash and Cash Equivalents	\$ 322,463	\$ 26,796	\$ 5,367,232
Certificates of Deposits	<u>224,220</u>	<u>-</u>	<u>-</u>
	546,683	26,796	5,367,232
Fiduciary Amounts - Not Included in Statement of Net Assets	<u>281,438</u>	<u>-</u>	<u>-</u>
	<u>\$ 828,121</u>	<u>\$ 26,796</u>	<u>\$ 5,367,232</u>

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

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, 2009, \$255,112 of the component units' bank balances of \$6,296,655 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.

(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, 2009, taxes of 2.748 mills were levied on property with assessed valuations totaling \$74,931,120 and were dedicated to general purposes.

Total taxes levied were \$205,911. Taxes receivable at June 30, 2009, consisted of the following:

Taxes Receivable - Current Roll	\$ 8,051
Taxes Receivable - Prior Years	<u>14,380</u>
	22,431
Allowance for Uncollectible Taxes	<u>(16,439)</u>
	<u>\$ 5,992</u>

(5) Receivables -

Receivables as of June 30, 2009, including the applicable allowances for uncollectible accounts, are as follows:

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

	<u>Interest</u>	<u>Ad Valorem Taxes</u>	<u>Royalties</u>	<u>Franchise Taxes</u>	<u>Accounts</u>	<u>Unbilled Sales</u>	<u>Less: Allowance for Uncollectibles</u>	<u>Total - Net Receivable</u>
<u>Governmental Activities:</u>								
General Fund	\$ 3,540	\$22,431	\$ 2,535	\$128,217	\$ 64,660	\$ -	\$ (16,439)	\$ 204,944
Nonmajor Governmental Funds	<u>9,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>570</u>	<u>-</u>	<u>-</u>	<u>10,138</u>
Total Governmental Activities	13,108	22,431	2,535	128,217	65,230	-	(16,439)	215,082
<u>Business Type-Activities:</u>								
Utility Fund	13,435	-	-	-	484,029	616,559	(131,000)	983,023
<u>Component Units:</u>								
City Court of Denham Springs - Ward II	1,222	-	-	-	100	-	-	1,322
Marshall of City Court of Denham Springs - Ward II	-	-	-	-	603	-	-	603
Denham Springs Economic Development District	<u>1,151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,608</u>	<u>-</u>	<u>-</u>	<u>4,759</u>
Total Component Units	<u>2,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,311</u>	<u>-</u>	<u>-</u>	<u>6,684</u>
	<u>\$28,916</u>	<u>\$22,431</u>	<u>\$ 2,535</u>	<u>\$128,217</u>	<u>\$553,570</u>	<u>\$616,559</u>	<u>\$(147,439)</u>	<u>\$1,204,789</u>

(6) Due From Other Governments -

Due from Other Governments as of June 30, 2009, consists of the following:

	<u>Livingston Parish School Board</u>	<u>State of Louisiana</u>	<u>Livingston Parish</u>	<u>FEMA</u>	<u>Other</u>	<u>Total</u>
<u>Governmental Activities:</u>						
General Fund	\$ 917,733	\$ 7,998	\$ 33,482	\$ 739,574	\$ -	\$1,698,787
Internal Service Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,696</u>	<u>-</u>	<u>1,696</u>
Total Governmental Activities	917,733	7,998	33,482	741,270	-	1,700,483
<u>Business Type-Activities:</u>						
Utility Fund	-	-	-	188,061	-	188,061
<u>Component Units:</u>						
City Court of Denham Springs - Ward II	-	-	-	-	-	-
Marshall of City Court of Denham Springs - Ward II	-	-	-	-	5,539	5,539
Denham Springs Economic Development District	<u>389,501</u>	<u>230,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>620,056</u>
Total Component Units	<u>389,501</u>	<u>230,555</u>	<u>-</u>	<u>-</u>	<u>5,539</u>	<u>625,595</u>
	<u>\$ 1,307,234</u>	<u>\$ 238,553</u>	<u>\$ 33,482</u>	<u>\$ 929,331</u>	<u>\$ 5,539</u>	<u>\$2,514,139</u>

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Due To</u>	<u>Due From</u>
Governmental Activities:			
General Fund	Capital Projects Fund	\$ 1,199,062	\$ -
	Utility Fund	-	3,294,979
	Motor Pool	-	133,063
	Witness Fee	-	25,456
Capital Projects Fund	Utility Fund	1,102,403	-
	General Fund	-	1,199,062
Witness Fee	General Fund	25,456	-
Motor Pool – Internal Service Fund	General Fund	133,063	-
Business Type-Activities:			
Denham Springs Sewer District Number 1	Utility Fund	22,357	-
Utility Fund	General Fund	3,294,979	-
	Sewer District Number 1	-	22,357
	Capital Projects Fund	-	1,102,403
		<u>\$5,777,320</u>	<u>\$5,777,320</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The \$3,453,498 due to the General Fund represents salaries and benefits paid by the General Fund for the Utility Fund, the Motor Pool and the Witness Fee Fund. The balance owed to the Utility Fund from the Capital Projects Fund resulted from amounts of outstanding checks in excess of bank balances attributable to the Capital Projects Fund in the amount of \$1,102,403. The General Fund owes the Capital Projects fund \$1,199,062 that resulted from a transfer in a prior year that has not been settled. The Denham Springs Sewer District Number 1 owes the Utility Fund \$22,357 in accumulated project costs in anticipation of issuance of bonds and proceeding with the construction of the District's infrastructure. These balances due to and from funds are expected to be repaid in the subsequent year.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

	<u>Due (To)/From Primary Government</u>	<u>Due (To)/From Component Units</u>
<u>Primary Government:</u>		
General Fund	\$ -	\$ 11,783
<u>Component Units:</u>		
City Court of Denham Springs - Ward II	-	-
Marshall of City Court of Denham Springs - Ward II	<u>(11,783)</u>	<u>-</u>
Total	<u>\$ (11,783)</u>	<u>\$ 11,783</u>

(8) Changes in Capital Assets -

Primary government capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land	\$ 1,217,456	\$ 4,570	\$ -	\$ 1,222,026
Construction in Progress	<u>1,486,491</u>	<u>423,274</u>	<u>(1,797,277)</u>	<u>112,488</u>
Total Capital Assets not being Depreciated	2,703,947	427,844	(1,797,277)	1,334,514
Capital Assets being Depreciated:				
Buildings and Improvements	4,251,192	955,246	-	5,206,438
Infrastructure	3,544,275	847,186	-	4,391,461
Equipment	<u>5,348,140</u>	<u>1,134,082</u>	<u>-</u>	<u>6,482,222</u>
Total Capital Assets being Depreciated	13,143,607	2,936,514	-	16,080,121
Less: Accumulated Depreciation for:				
Buildings and Improvements	2,305,144	125,616	-	2,430,760
Infrastructure	1,628,155	151,195	-	1,779,350
Equipment	<u>3,344,855</u>	<u>471,159</u>	<u>-</u>	<u>3,816,014</u>
Total Accumulated Depreciation	<u>7,278,154</u>	<u>747,970</u>	<u>-</u>	<u>8,026,124</u>

(CONTINUED)

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
<u>Governmental Activities (Continued):</u>				
Total Capital Assets being Depreciated, Net	5,865,453	2,188,544	-	8,053,997
Total Governmental Activities Capital Assets, Net	\$ 8,569,400	\$ 2,616,388	\$ (1,797,277)	\$ 9,388,511
<u>Business-Type Activities:</u>				
Capital Assets not being Depreciated:				
Land	\$ 189,666	\$ -	\$ -	\$ 189,666
Construction in Progress	7,332,586	21,417,786	(505,331)	28,245,041
Total Capital Assets not being Depreciated	7,522,252	21,417,786	(505,331)	28,434,707
Capital Assets being Depreciated:				
Buildings and Improvements	573,327	-	-	573,327
Gas System	4,251,981	401,006	-	4,652,987
Water System	7,266,069	54,719	-	7,320,788
Sewer System	16,793,071	49,605	-	16,842,676
Equipment	2,358,018	103,760	(38,057)	2,423,721
Total Capital Assets being Depreciated	31,242,466	609,090	(38,057)	31,813,499
Less: Accumulated Depreciation for:				
Building and Improvements	189,045	11,746	-	200,791
Gas System	2,641,972	98,714	-	2,740,686
Water System	4,610,779	176,045	-	4,786,824
Sewer System	4,856,483	365,126	-	5,221,609
Equipment	1,556,200	197,329	(38,057)	1,715,472
Total Accumulated Depreciation	13,854,479	848,960	(38,057)	14,665,382
Total Capital Assets being Depreciated, Net	17,387,987	(239,870)	-	17,148,117
Total Business-Type Activities Capital Assets, Net	\$24,910,239	\$21,177,916	\$ (505,331)	\$45,582,824

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

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

Governmental Activities:

General Government	\$ 106,148
Public Safety	388,659
Culture and Recreation	17,815
Highway and Streets	<u>228,408</u>
	741,030

Capital Assets Held by Internal Service Funds are Charged to the Various Functions Based on their Usage of the Assets	<u>6,940</u>
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Total Depreciation Expense - Governmental Activities	<u>\$ 747,970</u>
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Business-Type Activities:

Water	\$ 256,747
Gas	161,060
Sewer	426,022
Sanitation	<u>5,131</u>

Total Depreciation Expense - Business-Type Activities	<u>\$ 848,960</u>
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Construction Commitments

Governmental Activities:

The City has two active construction projects as of June 30, 2009 in the governmental activities. The projects include the Downtown Parking Lot Overlay Project and the Kidz Korner Playland. The construction of the Kidz Korner Playland is being funded by a State of Louisiana grant of \$71,250 and the balance of approximately \$31,199 by the Pilot Club of Denham Springs. The following schedule represents project phases completed with additional phases of projects expected to be contracted during the following fiscal year:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Kidz Korner Playland Project	\$ 102,449	\$ -
Downtown Parking Lot Overlay Project	<u>10,039</u>	<u>-</u>
	<u>\$ 112,488</u>	<u>\$ -</u>

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

Business-Type Activities:

The City issued \$23,765,000 (2006 Utility Revenue Bonds - Sewer Project) dated December 1, 2006, to fund the upgrade of the City owned sewer treatment plant, fund the expansion of the City water distribution system to unincorporated areas of the City, fund the renovations and rehabilitation of City sewer manholes, fund the reclamation of the City's sewer lagoons, and fund any other repairs or expansions needed to maintain the City's water distribution system, and costs related to the issuance of the bonds. In addition, the City issued \$9,100,000 (2007 Utility Revenue Bonds - Sewer Project) dated May 28, 2008, to finance the modification and upgrade of the sewer treatment facility owned by the City and located in the unincorporated area of the Parish, finance the construction of an approximate 9,000 square foot administration building and an approximately 7,500 square foot maintenance building, to finance the purchase of a financial guaranty insurance policy and a reserve fund surety bond policy, and to fund the costs of the issuance of the Bonds. Following is a schedule that lists the various projects and the projected costs on the 2006 Series bond and the 2007 Series Bond:

Series 2006 Bond Issue Projects

<u>Project Name</u>	<u>Projected Costs</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Sewer Treatment Plant Project	\$13,221,089	\$12,834,964	\$ 386,125
Sewer System Repairs Project	1,405,224	1,138,394	266,830
Water Systems Expansion - Outside City	6,514,667	5,773,237	741,430
Water Systems Repairs - Inside City	1,822,956	1,811,463	11,493
Other Miscellaneous Repairs	<u>829,558</u>	<u>47,208</u>	<u>782,350</u>
	<u>\$23,793,494</u>	<u>\$21,605,266</u>	<u>\$ 2,188,228</u>

Series 2007 Bond Issue Projects

<u>Project Name</u>	<u>Projected Costs</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Water/Sewer Building	\$ 1,500,000	\$ 77,800	\$ 1,422,200
Sewer Treatment Plant Cost	<u>7,102,374</u>	<u>6,807,703</u>	<u>294,671</u>
	<u>\$ 8,602,374</u>	<u>\$ 6,885,503</u>	<u>\$ 1,716,871</u>

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

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 July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>
Equipment:				
Copier	\$ 11,018	\$ -	\$ -	\$ 11,018
Telephone System	11,171	-	-	11,171
Furniture and Fixtures	23,898	-	-	23,898
Computer Equipment	112,278	4,859	-	117,137
Police Equipment	4,273	-	-	4,273
Leasehold Improvements	15,696	-	-	15,696
Other Equipment	<u>27,896</u>	<u>-</u>	<u>-</u>	<u>27,896</u>
Totals	206,230	4,859	-	211,089
Less: Accumulated				
Depreciation	<u>(174,972)</u>	<u>(10,624)</u>	<u>-</u>	<u>(185,596)</u>
Capital Assets, Net	<u>\$ 31,258</u>	<u>\$ (5,765)</u>	<u>\$ -</u>	<u>\$ 25,493</u>

Marshal of City Court of Denham Springs - Ward II:

<u>Governmental Activities</u>	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>
Office Equipment	\$ 28,830	\$ 8,256	\$ (15,597)	\$ 21,489
Furniture and Fixtures	11,712	8,031	(4,957)	14,786
Machinery and Equipment	42,796	-	(12,321)	30,475
Vehicles	109,636	22,000	(17,404)	114,232
Leasehold Improvements	<u>4,411</u>	<u>8,118</u>	<u>-</u>	<u>12,529</u>
Totals	197,385	46,405	(50,279)	193,511
Less: Accumulated				
Depreciation	<u>(152,341)</u>	<u>(17,324)</u>	<u>(49,273)</u>	<u>(120,392)</u>
Capital Assets, Net	<u>\$ 45,044</u>	<u>\$ 29,081</u>	<u>\$ (1,006)</u>	<u>\$ 73,119</u>

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

Denham Springs Economic Development District:

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land	\$ 7,303,750	\$ -	\$ -	\$ 7,303,750
Construction in Progress	<u>3,189,231</u>	<u>-</u>	<u>(3,189,231)</u>	<u>-</u>
Total Capital Assets not being Depreciated	10,492,981	-	(3,189,231)	7,303,750
Capital Assets being Depreciated:				
Buildings	26,205,237	-	-	26,205,237
Roads	2,800,925	3,189,231	-	5,990,156
Utilities	<u>2,063,484</u>	<u>-</u>	<u>-</u>	<u>2,063,484</u>
Total Capital Assets being Depreciated	31,069,646	3,189,231	-	34,258,877
Less: Accumulated Depreciation for:				
Buildings and Improvements	245,674	655,131	-	900,805
Infrastructure	52,518	103,175	-	155,693
Utilities	<u>38,690</u>	<u>299,507</u>	<u>-</u>	<u>338,197</u>
Total Accumulated Depreciation	<u>336,882</u>	<u>1,057,813</u>	<u>-</u>	<u>1,394,695</u>
Total Capital Assets being Depreciated, Net	<u>30,732,764</u>	<u>2,131,418</u>	<u>-</u>	<u>32,864,182</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 41,225,745</u>	<u>\$ 2,131,418</u>	<u>\$ (3,189,231)</u>	<u>\$ 40,167,932</u>

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

Governmental Activities	<u>\$ 1,057,813</u>
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CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

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

Revenue Bonds. The City issues bonds where it pledges income derived from the acquired or constructed assets to pay debt services. On December 1, 2006, the City issued \$23,765,000 of revenue bonds. During the prior fiscal year, the City issued an additional \$9,100,000 of revenue bonds dated May 28, 2008. These bonds were issued to finance the funding of the upgrade of the City owned sewer treatment plant, the funding of the expansion of the City water distribution system to unincorporated areas of the City, the funding of renovations and rehabilitations of City sewer manholes, the funding of the reclamation of the City's sewer lagoons, the funding of a water and sewer department building, the funding of any other repairs and/or expansions needed to maintain the City's water distribution system, and any costs incidental to the issuance of these bonds. Revenue bonds outstanding at June 30, 2009, are as follows:

<u>Description/Purpose</u>	<u>Original Issue Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance June 30, 2009</u>
Business-Type Activities: 2006 Utility Revenue Bonds - Sewer Project	\$23,765,000	4.00 to 4.75%	12-01-2036	\$22,885,000
Business-Type Activities: 2008 Utility Revenue Bonds - Sewer Project	\$ 9,100,000	3.00 to 4.88%	12-01-2038	\$ 9,050,000

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

	<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	2010	\$ 615,000	\$ 1,380,678	\$ 1,995,678
	2011	635,000	1,357,354	1,992,354
	2012	660,000	1,333,179	1,993,179
	2013	685,000	1,307,942	1,992,942
	2014	710,000	1,281,523	1,991,523
	2015-2019	3,975,000	5,968,696	9,943,696
	2020-2024	4,840,000	5,084,175	9,924,175
	2025-2029	5,945,000	3,936,682	9,881,682
	2030-2034	7,465,000	2,385,243	9,850,243
	2035-2039	6,405,000	581,653	6,986,653
Total Revenue Bonds		\$31,935,000	\$24,617,125	\$56,552,125

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

The 2006 Utility Revenue Bond - Sewer Project requires the following funds to be maintained:

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

The City is required to pay monthly one-sixth (1/6) of the interest due on the next interest payment date due on the bonds into an interest account of the Debt Service Fund. In addition, the City is required to pay monthly one-twelfth (1/12) of the principal due on the next principal payment date due on the bonds into a principal account of the Debt Service Fund. At June 30, 2009, the Debt Service Fund requirements for the interest and principal accounts were fully funded with an actual balance of \$363,230.

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

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

The City is required to pay monthly one-twelfth (1/12) of the interest and principal paid on the bonds during the immediate preceding bond year into a principal and interest account of the Debt Service Fund. At June 30, 2009, the Debt Service Fund requirements for the interest and principal accounts were fully funded with an actual balance of \$129,835.

Prior Year Bond Defeasance. There are no outstanding balances on any prior-year bond defeasance as of June 30, 2009.

Capital Lease Payable. The City entered into a capital lease agreement on December 11, 2006, for financing the purchase of six police vehicles for the Police Department. The lease requires quarterly payments of principal and interest of \$9,709 for twelve quarters. This lease was paid at June 30, 2009. In addition, the City entered into a capital lease agreement on October 31, 2007, for financing the purchase of seven police vehicles for the Police Department. The lease requires monthly payments of principal and interest of \$3,743 for thirty-six months with a final payment due October 31, 2010. The City entered into a capital lease agreement on August 13, 2008, for financing the purchase of two fire trucks for the Fire Department. The lease requires annual payments of principal and interest of \$225,000 for five years with a final payment due April 1, 2013. The lease agreements contain a non-appropriation exculpatory clause that allows cancellation if the City Council does not make an annual appropriation for the lease payments. The capital leases payable at June 30, 2009, are as follows:

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

<u>Description/Purpose</u>	<u>Original Lease Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance June 30, 2009</u>
Capital lease to finance the purchase of seven police vehicles	\$125,426	4.71%	10/31/10	\$ 57,934
Capital lease to finance the purchase of two fire trucks	\$979,291	4.93%	04/01/13	\$799,191

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 228,731	\$ 41,183	\$ 269,914
2011	209,594	30,377	239,971
2012	204,365	20,635	225,000
2013	<u>214,435</u>	<u>10,565</u>	<u>225,000</u>
Total	<u>\$ 857,125</u>	<u>\$ 102,760</u>	<u>\$ 959,885</u>

Changes in Long-Term Debt. Long-term liability activity for the year ended June 30, 2009 is as follows:

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2009</u>	<u>Due Within One Year</u>
Governmental Activities:					
Capital Lease	\$ 151,634	\$ 979,291	\$ 273,800	\$ 857,125	\$ 228,731
Compensated Absences	<u>536,499</u>	<u>601,464</u>	<u>514,308</u>	<u>623,655</u>	<u>155,914</u>
Governmental Activity					
Long-Term Liabilities	<u>\$ 688,133</u>	<u>\$ 1,580,755</u>	<u>\$ 788,108</u>	<u>\$ 1,480,780</u>	<u>\$ 384,645</u>

(CONTINUED)

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Business-Type Activities:					
2006 Utility Revenue					
Bond-Sewer Project	\$ 23,315,000	\$ -	\$ 430,000	\$ 22,885,000	\$450,000
2008 Utility Revenue					
Bond-Sewer Project	9,100,000	-	50,000	9,050,000	165,000
Adjust for Deferred Amount:					
For Issuance Premium	222,878	-	4,188	218,690	4,386
For Issuance Discounts	<u>(109,675)</u>	<u>-</u>	<u>(606)</u>	<u>(109,069)</u>	<u>(2,025)</u>
Total Bonds Payable	32,528,203	-	483,582	32,044,621	617,361
Compensated Absences	<u>150,598</u>	<u>217,633</u>	<u>176,786</u>	<u>191,445</u>	<u>47,861</u>
Business-Type Activities					
Long-Term Liabilities	<u>\$ 32,678,801</u>	<u>\$ 217,633</u>	<u>\$ 660,368</u>	<u>\$ 32,236,066</u>	<u>\$665,222</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 \$6,256 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.

Component Unit -

The following is a summary of the changes in general long-term debt of the Denham Springs Economic Development District for the year ended June 30, 2009:

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
2007 Series A	\$ 5,060,000	\$ -	\$ -	\$ 5,060,000	\$ -
2007 Series B	31,180,000	-	-	31,180,000	105,000
2007 Series C	5,300,000	-	-	5,300,000	-
2008 Series	8,460,000	-	-	8,460,000	160,000
Adjust for Deferred Amount:					
For Issuance Discounts	<u>(339,057)</u>	<u>-</u>	<u>-</u>	<u>(339,057)</u>	<u>-</u>
Long-Term Liabilities	<u>\$ 49,660,943</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,660,943</u>	<u>\$ 265,000</u>

At June 30, 2009, long-term debt consists of the following Sales Tax Increment Revenue Bonds dated March 1, 2007 for the 2007 Series and May 27, 2008 for the 2008 Series.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

Series 2007A Tax-Exempt Variable Rate Sales Tax Increment Revenue Bonds - Variable Interest Rate Interest Only until July 1, 2034 with Final Maturity January 1, 2037	\$ 5,060,000
Series 2007B Taxable Variable Rate Sales Tax Increment Revenue Bonds - Variable Interest Rate Interest Only until July 1, 2009 with Final Maturity January 1, 2034	31,180,000
Series 2007C Taxable Fixed Rate Subordinate Sales Tax Increment Revenue Bonds - Interest Rate 10.00% - 7.0% Interest Only Paid Each Year. Single Bond Maturity January 1, 2037 Along with an Additional 3.0% Interest From Date of Issue	5,300,000
Series 2008 Taxable Variable Rate Sales Tax Increment Revenue Bonds – Variable Interest Rate Only until June 30, 2009 with Final Maturity January 1, 2037.	<u>8,460,000</u>
	<u>\$50,000,000</u>

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

The annual requirements to amortize the bonds’ outstanding using estimated current interest rates of 0.37% for the Series 2007A, 0.86% for the Series 2007B, and 0.85% for the Series 2008 are shown in the following schedule. Other fees related to the Series 2007A, Series 2007B, and Series 2008 bonds that do not show up in the following schedule consist of an estimated 1.00% for letter of credit fees and an estimated 0.25% for remarketing fees for all bonds. The Series 2007C bond interest rate is fixed at 7.00% paid each year and accrued at 10.00% payable when the bond principal is repaid. Actual interest paid could vary due to market fluctuations.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

Year Ending June 30,	2007 Series A		2007 Series B		2007 Series C	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ -	\$ 18,755	\$ 105,000	\$ 266,875	\$ -	\$ 371,000
2011	-	18,722	125,000	266,720	-	371,000
2012	-	18,773	145,000	266,285	-	371,000
2013	-	18,722	180,000	264,194	-	371,000
2014	-	18,722	250,000	262,390	-	371,000
2015-2019	-	93,661	2,880,000	1,255,668	-	1,855,000
2020-2024	-	93,713	6,600,000	1,057,947	-	1,855,000
2025-2029	-	93,661	9,945,000	675,085	-	1,855,000
2030-2034	-	93,661	10,950,000	258,925	-	1,855,000
2035-2037	5,060,000	29,739	-	-	5,300,000	5,848,550
	5,060,000	498,129	31,180,000	4,574,089	5,300,000	15,123,550
Less: Unamortized Discount	(37,950)	-	(233,850)	-	-	-
Total	\$5,022,050	\$ 498,129	\$30,946,150	\$ 4,574,089	\$ 5,300,000	\$15,123,550

Year Ending June 30,	2008 Series		Governmental Activities		
	Principal	Interest	Principal	Interest	Total
2010	\$ 160,000	\$ 71,917	\$ 265,000	\$ 728,547	\$ 993,547
2011	120,000	70,550	245,000	726,992	971,992
2012	130,000	69,720	275,000	725,778	1,000,778
2013	140,000	68,425	320,000	722,341	1,042,341
2014	150,000	67,235	400,000	719,347	1,119,347
2015-2019	900,000	315,527	3,780,000	3,519,856	7,299,856
2020-2024	1,220,000	272,468	7,820,000	3,279,128	11,099,128
2025-2029	1,660,000	213,290	11,605,000	2,837,036	14,442,036
2030-2034	2,250,000	128,584	13,200,000	2,336,170	15,536,170
2035-2037	1,730,000	28,786	12,090,000	5,907,075	17,997,075
	8,460,000	1,306,502	50,000,000	21,502,270	71,502,270
Less: Unamortized Discount	(67,257)	-	(339,057)	-	(339,057)
Total	\$8,392,743	\$1,306,502	\$49,660,943	\$21,502,270	\$ 71,163,213

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

(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, 2009, customers' deposits amounted to \$802,955 and the balance of the certificate of deposit amounted to \$806,045 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:

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

	<u>Municipal Employees Retirement System of Louisiana</u>	<u>Municipal Police Employees Retirement System of Louisiana</u>	<u>Firefighters Retirement System of Louisiana</u>
Eligibility to Participate	All permanent employees working at least 35 hours per week, not covered by another pension plan, and under age 60 at date of employment and are paid wholly or in part from City funds; all elected municipal officials are also eligible to participate; all employees of the City are members of Plan B.	All full-time police department employees engaged in law enforcement are required to participate in the System.	Mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

	<u>Municipal Employees Retirement System of Louisiana</u>	<u>Municipal Police Employees Retirement System of Louisiana</u>	<u>Firefighters Retirement System of Louisiana</u>
Authority Establishing Contribution Obligations and Benefits	State Statute	State Statute	State Statute
Plan Members' Contribution Rate (Percent of Covered Payroll)	5.00%	7.50%	8.00%
City's Contri- bution Rate (Percent of Covered Payroll)	6.75%	9.50%	12.50%
Period Required to Vest	10 years	12 years	12 years
Benefits and Eligibility for Distri- bution (Full-Time)	At or after age 60 with at least 10 years of creditable service or at or after 55 with at least 30 years of creditable service, 2% of final average salary multiplied by the years of creditable service; at least 10 years but less than 30 years of creditable service, may take early retirement	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 credit- able service not to exceed 100% of final	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 credit- able service not to exceed 100% of final salary

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

	<u>Municipal Employees Retirement System of Louisiana</u>	<u>Municipal Police Employees Retirement System of Louisiana</u>	<u>Firefighters Retirement System of Louisiana</u>
	benefits reduced 3% for each year retirement precedes age 60; in any case monthly retirement benefits can not exceed 100% of final average salary	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.	
Deferred Retirement Option	Yes, 30 years creditable service	Yes, 25 years of creditable service regardless of age or 20 years of creditable service and attaining the age of 50	Yes, after completing 20 years of creditable service
Provisions for: Cost of Living Adjustments (Normal Retirement)	Yes	Yes	Yes
Death (Duty, Non-Duty, Post Retirement)	Yes	Yes	Yes
Disability (Duty, Non-Duty)	Yes	Yes	Yes
Cost of Living Allowances	Yes	Yes	Yes

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

B. Trend Information -

Contributions required by State statute:

Fiscal Year	Municipal Employees Retirement System of Louisiana		Municipal Police Employees Retirement System of Louisiana		Firefighters Retirement System of Louisiana	
	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
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%
2007	\$343,216	100%	\$250,519	100%	\$176,041	100%
2008	\$370,239	100%	\$317,836	100%	\$200,578	100%
2009	\$382,787	100%	\$276,065	100%	\$220,173	100%

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.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

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, 2009.

Assets totaling \$568,071 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, 2009, amounted to \$96,954.

(13) Litigation -

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

(14) Intergovernmental Revenue -

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

Supplementary salary payments are made by the State of Louisiana directly to certain groups of the City's employees. The City is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contribution made by the State. For the fiscal year ended June 30, 2009, the State paid supplemental salaries to the City's fire and law enforcement employees in the amount of \$291,366.

(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.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

(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, 2009. The current terms of the Mayor and Council Members expire on December 31, 2010.

James E. Durbin, Mayor 417 Centerville Street Denham Springs, Louisiana 70726 Telephone: 665-8121 Term Began: January 1, 2007	\$ 79,404
Lori Lamm-Williams, Council Member 717 Poplar Street Denham Springs, Louisiana 70726 Telephone: 665-4462 Term Began: January 1, 2007	\$ 12,000
Arthur Perkins, Council Member 906 Hatchell Lane Denham Springs, Louisiana 70726 Telephone: 664-6730 Term Began: January 1, 2007	\$ 12,000
John Wascom, Council Member 522 Centerville Street Denham Springs, Louisiana 70726 Telephone: 665-7037 Term Began: January 1, 2007	\$ 12,000
Rene F. Delahoussaye, Jr. 211 Centerville E. Denham Springs, Louisiana 70726 Telephone: 665-4889 Term Began: January 1, 2007	\$ 12,000
Jerry L. Denton 930 Benton Lane Denham Springs, Louisiana 70726 Telephone: 664-6429 Term Began: January 1, 2007; Resigned December 29, 2008	\$ 6,000
Annie M. Fugler 510 Rushing Road, W. Denham Springs, Louisiana 70726 Telephone: 665-1461 Term Began: January 1, 2009	\$ 6,000

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

**(17) Schedule of Utility Enterprise Fund Net Income (Loss) from Operations
by Department for the Fiscal Year Ended June 30, 2009 -**

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Utility Enterprise Fund</u>
Operating Revenues:					
Charges for Services	\$ 4,330,169	\$ 2,168,966	\$ 2,501,376	\$ 723,435	\$ 9,723,946
Delinquent Charges	61,020	30,565	35,250	10,196	137,031
Miscellaneous	-	61,627	685	-	62,312
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Revenues	4,391,189	2,261,158	2,537,311	733,631	9,923,289
Operating Expenses:					
Direct	3,128,098	1,116,650	1,491,500	719,599	6,455,847
General and Administrative	516,965	482,796	471,882	117,937	1,589,580
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Expenses	3,645,063	1,599,446	1,963,382	837,536	8,045,427
 Operating Income (Loss) by Department	 746,126	 661,712	 573,929	 (103,905)	 1,877,862
 Nonoperating Revenues	 39,321	 97,744	 97,084	 -	 234,149
Nonoperating Expenses	(917)	(1,187)	(23,000)	-	(25,104)
Capital Contributions	-	-	106,229	-	106,229
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Change in Net Assets					2,193,136
 Business-Type Activities					
Departmental Net Income (Loss)	\$ 784,530	\$ 758,269	\$ 754,242	\$ (103,905)	
	<hr/>	<hr/>	<hr/>	<hr/>	
Change in Net Assets Business-Type Activities					<u>\$ 2,193,136</u>

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

**(18) Schedule of Utility Fund Operating Expenses by Department
for the Fiscal Year Ended June 30, 2009 -**

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Utility Enterprise Fund</u>
Direct Expenses:					
Natural Gas Purchases	\$ 2,045,426	\$ -	\$ -	\$ -	\$ 2,045,426
Direct Labor	611,584	477,572	559,887	-	1,649,043
Chlorinator Expense	-	43,614	-	-	43,614
Depreciation	161,060	256,747	426,022	5,131	848,960
Electricity	8,540	113,817	176,283	-	298,640
Equipment Expenses	91,182	63,599	85,196	-	239,977
Equipment Rental	11,775	23,466	3,564	46	38,851
Lab Fees	-	-	26,333	-	26,333
Maintenance	99,663	24,917	209,083	-	333,663
Meter Reading	73,913	96,190	-	-	170,103
Meter Repairs	9,711	-	-	-	9,711
Small Tools and Supplies	15,244	16,728	5,132	6	37,110
Subcontract Disposal Service	-	-	-	714,416	714,416
	<u>3,128,098</u>	<u>1,116,650</u>	<u>1,491,500</u>	<u>719,599</u>	<u>6,455,847</u>
General and Administrative Expenses:					
Office Salaries	105,270	136,270	102,816	64,617	408,973
Payroll Taxes, Retirement and Group Insurance	190,230	155,653	155,226	17,518	518,627
Electricity	14,288	2,776	2,004	1,260	20,328
DEQ Compliance Order	-	-	14,800	-	14,800
Ground Maintenance	10,185	5,082	4,428	-	19,695
Insurance	58,637	50,031	47,922	4,841	161,431
Miscellaneous	54,741	33,451	40,017	7,679	135,888
Office Expense	26,317	33,032	26,394	4,491	90,234
Professional Fees	18,469	32,681	44,355	9,689	105,194
Telephone	27,760	19,492	23,110	1,048	71,410
Bad Debts	11,068	14,328	10,810	6,794	43,000
	<u>516,965</u>	<u>482,796</u>	<u>471,882</u>	<u>117,937</u>	<u>1,589,580</u>
Total Operating Expenses	<u><u>\$ 3,645,063</u></u>	<u><u>\$ 1,599,446</u></u>	<u><u>\$ 1,963,382</u></u>	<u><u>\$ 837,536</u></u>	<u><u>\$ 8,045,427</u></u>

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

**(19) Schedule of Utility Enterprise Fund Operating Expenses by
Function for the Fiscal Year Ended June 30, 2009 -**

Personal Services and Benefits:

Direct Labor	\$ 1,649,043
Office Salaries	408,973
Payroll Taxes, Retirement and Group Insurance	<u>518,627</u>
	2,576,643

Contractual Services:

Chlorinator Expense	43,614
Equipment Rental	38,851
Lab Fees	26,333
Meter Reading	170,103
Subcontract Disposal Service	714,416
Professional Fees	<u>105,194</u>
	1,098,511

Cost of Materials:

Natural Gas Purchases	2,045,426
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Utilities:

Electricity (Direct)	298,640
Electricity (General)	20,328
Telephone	<u>71,410</u>
	390,378

Repair and Maintenance:

Equipment Expenses	239,977
Maintenance	333,663
Meter Repairs	9,711
Ground Maintenance	<u>19,695</u>
	603,046

Supplies:

Small Tools and Supplies	37,110
Office Expense	90,234
Miscellaneous	<u>135,888</u>
	263,232

DEQ Compliance Order

14,800

Insurance

161,431

Depreciation

848,960

Bad Debts

43,000

Total Operating Expenses	<u><u>\$ 8,045,427</u></u>
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CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009

(20) Cooperative Endeavor Agreement -

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

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

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

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

(CONTINUED)

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

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

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

(21) Subsequent Event -

On November 1, 2009, the Denham Springs Sewer District No. 1, a blended component unit of the City of Denham Springs, issued \$23,750,000 Series 2009 Revenue Bonds. The proceeds of these bonds will be used for the purpose of providing funds to acquire, construct, extend and improve the sewerage system within the boundaries of the Denham Springs Sewer District No. 1, paying capitalized interest on the bonds for a period of eighteen months, and paying the cost of issuance of the bonds. These bonds have scheduled maturities through December 1, 2039 and will be repaid with revenue generated from sewer customers.

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, 2009

	Capital Projects Fund	1994 Paving Certificates Debt Service Fund	Cemetery Care Permanent Fund	Witness Fee Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ -	\$ 3,263	\$ 123,780	\$ 50,559	\$ 177,602
Investments, at Cost	-	-	545,000	40,000	585,000
Receivables (Net of Allowance for Uncollectibles):					
Other	20	-	9,119	999	10,138
Due from Other Funds	1,199,062	-	-	-	1,199,062
Total Assets	<u>\$ 1,199,082</u>	<u>\$ 3,263</u>	<u>\$ 677,899</u>	<u>\$ 91,558</u>	<u>\$ 1,971,802</u>
LIABILITIES AND FUND BALANCES					
Accounts Payable	\$ 2,775	\$ -	\$ -	\$ 850	\$ 3,625
Due to Other Funds	1,102,403	-	-	25,456	1,127,859
Total Liabilities	1,105,178	-	-	26,306	1,131,484
Fund Balances:					
Reserved for Cemetery Expenditures	-	-	677,899	-	677,899
Unreserved:					
Undesignated	93,904	3,263	-	65,252	162,419
Total Fund Balances	93,904	3,263	677,899	65,252	840,318
Total Liabilities and Fund Balances	<u>\$ 1,199,082</u>	<u>\$ 3,263</u>	<u>\$ 677,899</u>	<u>\$ 91,558</u>	<u>\$ 1,971,802</u>

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, 2009

	Capital Projects Fund	1994 Paving Certificates Debt Service Fund	Cemetery Care Permanent Fund	Witness Fee Fund	Total Nonmajor Governmental Funds
Revenues:					
State Grants	\$ 90,364	\$ -	\$ -	\$ -	\$ 90,364
Fees	-	-	-	26,452	26,452
Interest	-	8	15,106	1,163	16,277
Miscellaneous	117,300	-	12,625	-	129,925
Total Revenues	207,664	8	27,731	27,615	263,018
Expenditures:					
Current:					
General Government	-	-	512	19,162	19,674
Capital Outlay:					
General Government	278,400	-	-	-	278,400
Highways and Streets	173,038	-	-	-	173,038
Total Expenditures	451,438	-	512	19,162	471,112
Net Change in Fund Balances	(243,774)	8	27,219	8,453	(208,094)
Fund Balances at Beginning of Year	337,678	3,255	650,680	56,799	1,048,412
Fund Balances at End of Year	\$ 93,904	\$ 3,263	\$ 677,899	\$ 65,252	\$ 840,318

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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ -	\$ -	\$ -	\$ -
State Grants	-	99,028	90,364	(8,664)
Miscellaneous	-	119,220	117,300	(1,920)
Total Revenues	-	218,248	207,664	(10,584)
Expenditures:				
Construction Costs and Related Expenditures	258,868	463,466	451,438	12,028
Total Expenditures	258,868	463,466	451,438	12,028
Net Change in Fund Balances	(258,868)	(245,218)	(243,774)	1,444
Fund Balance at Beginning of Year	<u>337,678</u>	<u>337,678</u>	<u>337,678</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 78,810</u>	<u>\$ 92,460</u>	<u>\$ 93,904</u>	<u>\$ 1,444</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fees	\$ 23,600	\$ 23,700	\$ 26,452	\$ 2,752
Interest	2,200	625	1,163	538
Total Revenues	25,800	24,325	27,615	3,290
Expenditures:				
General Government	25,800	24,325	19,162	5,163
Total Expenditures	25,800	24,325	19,162	5,163
Net Change in Fund Balances	-	-	8,453	8,453
Fund Balance at Beginning of Year	56,799	56,799	56,799	-
Fund Balance at End of Year	\$ 56,799	\$ 56,799	\$ 65,252	\$ 8,453

The accompanying notes constitute an integral part of this statement.

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CITY OF DENHAM SPRINGS

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

JUNE 30, 2009

Governmental Funds Capital Assets:

Land	\$ 1,222,026
Land Improvements	38,565
Buildings	5,081,120
Equipment	6,344,539
Infrastructure	4,391,461
Construction in Progress	<u>112,488</u>
Total General Fixed Assets	<u><u>\$ 17,190,199</u></u>

Investments in Governmental Funds Capital Assets by Source:

General Fund Revenues	\$ 7,214,341
Federal Revenues and Federal Grants	619,474
Donated Infrastructure	620,558
Capital Improvement Funds:	
City's Share of Cost:	
General Fund	5,903,918
Federal Revenue Sharing	201,482
Federal Grants	614,577
State Grants	<u>2,015,849</u>
Total Investment in General Fixed Assets	<u><u>\$ 17,190,199</u></u>

¹This 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 ACTIVITY¹

JUNE 30, 2009

	<u>Land</u>	<u>Improvements Other Than Buildings</u>	<u>Buildings</u>
Function and Activity:			
General Government:			
General Government Buildings	\$ 415,439	\$ 13,950	\$ 1,620,430
Administration	593,355	-	-
Cemetery	2,000	11,002	10,313
Tax	-	-	-
Planning and Development	-	-	-
Public Service Workers	-	-	10,647
	<hr/>	<hr/>	<hr/>
Total General Government	1,010,794	24,952	1,641,390
Public Safety:			
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
Highways and Streets:			
Streets	-	-	10,329
Health:			
Council on Aging	-	-	370,890
Culture and Recreation:			
Tourism	-	-	950,091
Parks	-	-	-
	<hr/>	<hr/>	<hr/>
Total Culture and Recreation	-	-	950,091
Total Governmental Funds Capital			
Assets Allocated to Functions	<u>\$ 1,222,026</u>	<u>\$ 38,565</u>	<u>\$ 5,081,120</u>

¹This 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.

Machinery and Equipment	Infrastructure	Total
\$ -	\$ -	\$ 2,049,819
422,503	-	1,015,858
33,222	-	56,537
3,307	-	3,307
91,594	-	91,594
-	-	10,647
550,626	-	3,227,762
53,084	-	143,377
2,368,921	-	2,926,013
2,004,906	-	3,690,786
24,330	-	24,330
4,451,241	-	6,784,506
1,339,259	4,391,461	5,741,049
-	-	370,890
-	-	950,091
3,413	-	3,413
3,413	-	953,504
<u>\$ 6,344,539</u>	<u>\$ 4,391,461</u>	17,077,711
Construction in Progress		112,488
		<u>\$ 17,190,199</u>

CITY OF DENHAM SPRINGS

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

FOR THE YEAR ENDED JUNE 30, 2009

Function and Activity:	Governmental	Transfers	Additions	Deductions	Governmental
	Funds Capital Assets 7/1/08				Funds Capital Assets 6/30/09
General Government:					
General Government Buildings	\$ 2,049,819	\$ -	\$ -	\$ -	\$ 2,049,819
Administration	998,262	-	17,596	-	1,015,858
Cemetery	56,537	-	-	-	56,537
Tax	3,307	-	-	-	3,307
Planning and Development	72,195	-	19,399	-	91,594
Public Service Workers	10,647	-	-	-	10,647
Total General Government	3,190,767	-	36,995	-	3,227,762
Public Safety:					
Animal Control	143,377	-	-	-	143,377
Fire	1,894,336	-	1,031,677	-	2,926,013
Police	3,636,529	-	54,257	-	3,690,786
Litter Control	24,330	-	-	-	24,330
Total Public Safety	5,698,572	-	1,085,934	-	6,784,506
Highways and Streets:					
Streets	4,877,580	847,186	16,283	-	5,741,049
Health:					
Council on Aging	370,890	-	-	-	370,890
Culture and Recreation:					
Tourism	-	950,091	-	-	950,091
Parks	3,413	-	-	-	3,413
Total Culture and Recreation	3,413	950,091	-	-	953,504
Construction in Progress	1,486,491	(1,797,277)	423,274	-	112,488
Total Governmental Funds Capital Assets	\$ 15,627,713	\$ -	\$ 1,562,486	\$ -	\$ 17,190,199

¹This 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, 2009

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
CNA Surety	Public Official Bonds		
	Mayor; James Durbin	\$ 50,000	1/01/10
	Council Members:		
	Arthur Perkins	\$ 10,000	1/12/10
	Rene F. Delahoussaye, Jr.	\$ 10,000	1/01/10
	Ann M. Fugler	\$ 10,000	1/01/10
	John B. Wascom	\$ 10,000	1/01/10
	Lori Lamm-Williams	\$ 10,000	1/01/10
	Public Employees Blanket Bond:		
	City Treasurer:		
Clarence Speed	\$ 50,000	12/11/09	
City Clerk:			
Joan LeBlanc	\$ 50,000	2/06/10	
Hanover Insurance Company	Property and Casualty Coverage -		
	90% Co-Insurance:		
	Municipal Building	\$ 1,625,000	
	Contents	\$ 474,000	7/01/09
	<u>941 Government Street</u>		
	Steel Water Tank and Tower	\$ 258,000	7/01/09
	<u>110 Brignac Street</u>		
	Council on Aging Buildings	\$ 835,000	7/01/09
<u>949 Government Street</u>			
Fire Station Building	\$ 265,000		
Contents	\$ 11,000	7/01/09	
<u>1100 Hatchell Lane</u>			
Fire Station/Water Dept	\$ 630,000		
Office Building	\$ 15,000	7/01/09	
Contents			
<u>27135 La. Hwy. 16</u>			

(CONTINUED)

CITY OF DENHAM SPRINGS

SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2009

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
	Police Station and Jail Facility	\$1,420,000	
	Contents	\$ 155,000	7/01/09
	<u>447 Lamm Street</u>		
	Fire Station Building	\$ 358,000	
	Contents	\$ 13,000	7/01/09
	<u>930 Government Street</u>		
	Sewer Building	\$ 73,660	
	Contents	\$ 15,000	7/01/09
	<u>9150 Forest Delatte Road</u>		
	Street Dept. Maintenance Building	\$ 50,000	
	Contents	\$ 2,000	7/01/09
	<u>600-A Bowman St.</u>		
	Street Dept. Old Office Building	\$ 50,000	
	Contents	\$ 2,000	7/01/09
	<u>600-B Bowman St.</u>		
	Animal Control Buildings	\$ 59,000	
	Contents	\$ 2,000	7/01/09
	<u>600-C Bowman Street</u>		
	Street Dept. Maintenance Equipment Building	\$ 41,930	7/01/09
	<u>600-D Bowman St.</u>		
	Street Dept. New Office Building	\$ 59,212	7/01/09
	Contents	\$ 10,000	
	<u>600-E Bowman St.</u>		

(CONTINUED)

CITY OF DENHAM SPRINGS

SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2009

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>	
Hanover Insurance Company	Youth Services Office Building <u>940 Government Street</u>	\$ 290,000	7/01/09	
	Utility Warehouse Building Contents <u>112 Brignac Street</u>	\$ 93,000 \$ 31,000	7/01/09	
	Motor Pool and Warehouse Building Contents <u>401 N. Railroad Ave.</u>	\$ 265,000 \$ 77,000	7/01/09	
	Arts Council/Red Cross Building <u>133 Hummel St.</u>	\$ 160,000	7/01/09	
	Pine Street Pump Station Building <u>2635 Pine St.</u>	\$ 13,000	7/01/09	
	Steel Water Tank and Tower <u>9150 Pete's Highway</u>	\$ 566,000	7/01/09	
	Old City Hall Building Contents <u>115 Mattie St.</u>	\$ 679,566 \$ 20,000	07/01/09	
	Louisiana Workers' Compensation Corporation	Workmen's Compensation Statutory		7/01/09
	Risk Management	General Liability	\$ 500,000	7/01/09
		Law Enforcement Professional Liability	\$ 500,000	7/01/09

(CONTINUED)

CITY OF DENHAM SPRINGS

SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2009

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
Risk Management	Public Officials and Employees Liability Errors and Omissions	\$ 500,000	7/01/09
Risk Management	Business Auto Liability	\$ 500,000	7/01/09
Essex Insurance	Vehicle Physical Damage - Except Fire	Actual Cash Value	7/01/09
VFIS, Inc.	Vehicle Physical Damage - Fire	Actual Cash Value	7/01/09
National Flood Services	Flood Insurance:		
	Fire Station Building	\$ 30,800	
	Contents	\$ 21,000	7/01/09
	<u>930 Government Street</u>		
	Youth Services Office Building	\$ 60,500	
	Contents	\$ 21,000	7/01/09
	<u>940 Government Street</u>		
	Municipal Building	\$ 236,500	
	Contents	\$ 42,000	7/01/09
	<u>941 Government Street</u>		
	Council on Aging Building	\$ 66,000	
	Contents	\$ 42,000	7/01/09
	<u>949 Government Street</u>		
	Fire Station Building	\$ 30,800	
	Contents	\$ 21,000	7/01/09

(CONTINUED)

CITY OF DENHAM SPRINGS

SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2009

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
	<u>1100 Hatchell Lane</u>		
	Police Station and Jail Facility	\$ 275,000	
	Contents	\$ 21,000	7/01/09
	<u>447 Lamm Street</u>		
	Animal Control Center Building	\$ 17,600	7/01/09
	<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 106

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 116

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

Debt Capacity 123

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 131

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 133

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 Eight Fiscal Years
(Accrual Basis of Accounting)

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

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

Schedule 2

Fiscal Year			
2006	2007	2008	2009
\$ 6,228,263	\$ 6,191,695	\$ 8,417,766	\$ 8,531,386
557,781	599,029	650,680	677,899
4,335,029	4,977,659	2,933,254	3,273,350
\$ 11,121,073	\$ 11,768,383	\$ 12,001,700	\$ 12,482,635
\$ 15,086,106	\$ 15,593,805	\$ 19,700,130	\$ 19,710,756
-	-	-	-
329,607	291,250	(3,642,691)	(1,460,181)
\$ 15,415,713	\$ 15,885,055	\$ 16,057,439	\$ 18,250,575
\$ 21,314,369	\$ 21,785,500	\$ 28,117,896	\$ 28,242,142
557,781	599,029	650,680	677,899
4,664,636	5,268,909	(709,437)	1,813,169
\$ 26,536,786	\$ 27,653,438	\$ 28,059,139	\$ 30,733,210

CITY OF DENHAM SPRINGS

CHANGE IN NET ASSETS

Last Eight Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2002	2003	2004	2005
Expenses				
Governmental Activities:				
General Government	\$ 1,477,139	\$ 1,703,420	\$ 1,724,664	\$ 1,633,653
Public Safety	3,672,912	4,025,923	4,697,707	4,647,126
Highways and Streets	1,374,390	1,415,359	1,087,286	1,605,126
Health	29,098	27,768	47,841	79,185
Culture and Recreation	77,645	32,891	28,786	16,129
Interest on Long-Term Indebtedness	1,545	773	4,941	4,831
Total Governmental Activities Expenses	6,632,729	7,206,134	7,591,225	7,986,050
Business-Type Activities:				
Gas	2,336,007	2,574,406	2,900,226	3,115,223
Water	867,579	979,032	1,111,721	1,135,918
Sewer	1,018,507	1,919,226	1,453,480	1,457,006
Sanitation	612,943	599,626	603,848	643,577
Total Business-Type Activities	4,835,036	6,072,290	6,069,275	6,351,724
Total Primary Government Expenses	\$ 11,467,765	\$ 13,278,424	\$ 13,660,500	\$ 14,337,774
Program Revenues				
Governmental Activities:				
Charges for Services:				
Public Safety	\$ 501,648	\$ 585,517	\$ 437,093	\$ 535,046
Highways and Streets	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
Capital Grants and Contributions	47,907	155,665	389	295,044
Total Governmental Activities Program Revenues	880,468	1,081,793	754,413	1,145,217
Business-Type Activities:				
Charges for Services:				
Natural Gas	2,636,736	2,569,226	2,892,008	3,131,850
Water	1,061,116	1,060,128	1,089,420	1,192,263
Sewer	572,769	543,253	573,976	726,960
Sanitation	552,543	538,834	560,835	583,231
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	32,935	45,666	179,507	32,105
Total Business-Type Activities Program Revenues	4,856,099	4,757,107	5,295,746	5,666,409
Total Primary Government Programs Revenues	\$ 5,736,567	\$ 5,838,900	\$ 6,050,159	\$ 6,811,626
Net Expense/Revenue				
Governmental Activities	\$ (5,752,261)	\$ (6,124,341)	\$ (6,836,812)	\$ (6,840,833)
Business-Type Activities	21,063	(1,315,183)	(773,529)	(685,315)
Total Primary Government Net Expense	\$ (5,731,198)	\$ (7,439,524)	\$ (7,610,341)	\$ (7,526,148)

(CONTINUED)

Schedule 3

Fiscal Year			
2006	2007	2008	2009
\$ 1,665,220	\$ 1,771,741	\$ 2,247,954	\$ 2,001,415
5,132,885	5,318,674	6,498,239	6,501,384
1,479,561	3,692,535	5,227,848	5,665,185
83,613	86,423	89,043	87,189
6,364	5,848	8,097	47,985
3,591	5,518	9,364	64,051
<u>8,371,234</u>	<u>10,880,739</u>	<u>14,080,545</u>	<u>14,367,209</u>
4,094,315	3,508,527	3,933,171	3,645,980
1,227,451	1,292,457	1,882,160	1,600,633
1,421,191	1,475,803	1,830,952	1,986,382
690,826	746,293	796,411	837,536
<u>7,433,783</u>	<u>7,023,080</u>	<u>8,442,694</u>	<u>8,070,531</u>
<u>\$ 15,805,017</u>	<u>\$ 17,903,819</u>	<u>\$ 22,523,239</u>	<u>\$ 22,437,740</u>
\$ 582,442	\$ 528,019	\$ 650,153	\$ 619,044
13,364	13,364	14,660	14,510
-	-	-	-
794,018	306,493	344,400	4,394,359
103,925	2,141,638	3,532,821	139,634
<u>1,493,749</u>	<u>2,989,514</u>	<u>4,542,034</u>	<u>5,167,547</u>
4,312,500	3,666,729	4,195,400	4,391,189
1,292,098	1,568,829	1,946,603	2,261,158
741,939	1,034,775	1,536,795	2,537,311
594,368	618,554	677,995	733,631
183,981	-	-	143,268
83,576	208,735	194,133	151,022
<u>7,208,462</u>	<u>7,097,622</u>	<u>8,550,926</u>	<u>10,217,579</u>
<u>\$ 8,702,211</u>	<u>\$ 10,087,136</u>	<u>\$ 13,092,960</u>	<u>\$ 15,385,126</u>
\$ (6,877,485)	\$ (7,891,225)	\$ (9,538,511)	\$ (9,199,662)
(225,321)	74,542	108,232	2,147,048
<u>\$ (7,102,806)</u>	<u>\$ (7,816,683)</u>	<u>\$ (9,430,279)</u>	<u>\$ (7,052,614)</u>

CITY OF DENHAM SPRINGS

CHANGE IN NET ASSETS - CONTINUED

Last Eight Fiscal Years
(Accrual Basis of Accounting)

General Revenues and Other Changes in Net Assets	Fiscal Year			
	2002	2003	2004	2005
Governmental Activities:				
Taxes:				
Property	\$ 159,204	\$ 163,898	\$ 169,727	\$ 185,288
Sales	4,193,182	4,316,289	4,837,302	5,121,821
Occupational and permits	627,006	681,773	718,200	775,811
Franchise	536,375	600,028	663,061	659,478
Miscellaneous	204,170	122,602	169,313	192,417
Interest Income	87,980	49,432	37,059	47,348
Transfer from Component Unit	-	-	-	42,538
Transfers	-	-	-	(50,000)
Gain on Sale of Asset	5,452	6,163	2526	-
Increase in Infrastructure Due to Annexation	-	68,016	-	-
Total Governmental Activities	5,813,369	6,008,201	6,597,188	6,974,701
Business-Type Activities:				
Miscellaneous	42,739	38,558	17,399	70,547
Interest Income	96,520	49,960	15,741	28,901
Transfers	-	-	-	50,000
Total Business-Type Activities	139,259	88,518	33,140	149,448
Total Primary Government	\$ 5,952,628	\$ 6,096,719	\$ 6,630,328	\$ 7,124,149
Change in Net Assets				
Governmental Activities	\$ 61,108	\$ (116,140)	\$ (239,624)	\$ 133,868
Business-Type Activities	160,322	(1,226,665)	(740,389)	(535,867)
Total Primary Government	\$ 221,430	\$ (1,342,805)	\$ (980,013)	\$ (401,999)

Schedule 3
(Continued)

Fiscal Year			
2006	2007	2008	2009
\$ 184,153	\$ 181,812	\$ 187,707	\$ 205,201
6,271,458	6,557,726	6,856,653	6,921,858
824,833	917,389	984,586	981,531
831,587	798,040	860,134	870,836
217,156	187,406	756,132	672,517
91,202	200,730	126,616	28,654
-	-	-	-
(329,718)	(304,568)	-	-
-	-	-	-
-	-	-	-
8,090,671	8,538,535	9,771,828	9,680,597
81,479	31,914	9,544	15,980
59,403	58,318	54,608	30,108
329,718	304,568	-	-
470,600	394,800	64,152	46,088
\$ 8,561,271	\$ 8,933,335	\$ 9,835,980	\$ 9,726,685
\$ 1,213,186	\$ 647,310	\$ 233,317	\$ 480,935
245,279	469,342	172,384	2,193,136
\$ 1,458,465	\$ 1,116,652	\$ 405,701	\$ 2,674,071

CITY OF DENHAM SPRINGS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2000	2001	2002	2003
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	<u>2,087,010</u>	<u>2,824,510</u>	<u>2,556,216</u>	<u>2,144,650</u>
Total General Fund	<u><u>\$ 2,087,010</u></u>	<u><u>\$ 2,824,510</u></u>	<u><u>\$ 2,556,216</u></u>	<u><u>\$ 2,144,650</u></u>
All Other Governmental Funds				
Reserved	\$ 445,956	\$ 478,888	\$ 489,762	\$ 496,392
Unreserved, reported in				
Debt Service Funds	-	791	921	2,664
Capital Projects Funds	582,825	498,055	789,062	678,527
Special Revenue Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u><u>\$ 1,028,781</u></u>	<u><u>\$ 977,734</u></u>	<u><u>\$ 1,279,745</u></u>	<u><u>\$ 1,177,583</u></u>

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,976,136	2,522,300	3,983,508	4,830,519	2,828,039	3,466,081
<u>\$ 1,976,136</u>	<u>\$ 2,522,300</u>	<u>\$ 3,983,508</u>	<u>\$ 4,830,519</u>	<u>\$ 2,828,039</u>	<u>\$ 3,466,081</u>
\$ 508,826	\$ 536,679	\$ 557,781	\$ 599,029	\$ 650,680	\$ 677,899
3,112	3,114	3,148	3,241	3,255	3,263
769,330	553,876	503,665	369,306	337,678	93,904
-	44,415	48,544	51,581	56,799	65,252
<u>\$ 1,281,268</u>	<u>\$ 1,138,084</u>	<u>\$ 1,113,138</u>	<u>\$ 1,023,157</u>	<u>\$ 1,048,412</u>	<u>\$ 840,318</u>

CITY OF DENHAM SPRINGS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2000	2001	2002	2003
Revenues:				
Taxes	\$ 4,908,105	\$ 4,811,962	\$ 4,935,933	\$ 5,118,463
Licenses and Permits	658,740	603,394	627,006	681,773
Fines and Forfeits	205,178	260,226	244,035	268,883
Interest	145,840	165,745	86,462	48,775
Fees	212,102	209,339	219,340	227,467
Intergovernmental	337,467	450,262	318,733	352,169
Special Assessments	7,081	6,831	3,907	2,894
Miscellaneous	183,617	144,750	250,825	314,599
Total Revenues	6,658,130	6,652,509	6,686,241	7,015,023
Expenditures:				
Current:				
General Government	1,404,705	1,394,742	1,428,228	1,685,298
Public Safety	3,151,595	3,528,464	3,684,433	3,863,753
Highways and Streets	1,057,353	1,174,442	1,325,671	1,087,427
Health	33,450	25,954	29,098	27,768
Culture and Recreation	115,873	62,994	77,645	32,891
Capital Outlay				
General Government	-	-	-	-
Public Safety	-	-	-	203,158
Highways and Streets	828,089	126,940	110,699	620,525
Debt Service:				
Principal Retirement	13,321	13,321	13,321	13,321
Interest	3,057	2,311	1,545	773
Total Expenditures	6,607,443	6,329,168	6,670,640	7,534,914
Excess of Revenues Over (Under)				
Expenditures	50,687	323,341	15,601	(519,891)
Other Financing Sources (Uses)				
Capital Leases	-	-	-	-
Proceeds From Sale of Fixed Assets	17,786	31,610	18,116	6,163
Transfers In	280,000	-	485,700	551,755
Transfers Out	(280,000)	-	(485,700)	(551,755)
Total Other Financing Sources (Uses)	17,786	31,610	18,116	6,163
Net Change in Fund Balances	\$ 68,473	\$ 354,951	\$ 33,717	\$ (513,728)
Debt Service as a Percentage of Noncapital Expenditures	0.28%	0.25%	0.23%	0.21%

Schedule 5

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 5,711,381	\$ 6,006,744	\$ 7,328,233	\$ 7,579,393	\$ 7,978,838	\$ 8,381,213
718,200	775,811	824,833	917,389	984,586	981,531
308,716	401,421	431,280	372,193	442,529	474,065
36,305	46,198	90,170	197,281	125,589	27,825
30,237	136,931	150,263	154,168	160,969	145,556
330,805	626,452	933,814	2,480,463	3,909,975	4,565,078
389	-	-	-	-	-
212,076	132,673	151,228	128,189	710,349	270,351
7,348,109	8,126,230	9,909,821	11,829,076	14,312,835	14,845,619
1,678,063	1,553,124	1,592,712	1,776,712	2,891,831	1,943,669
4,449,788	4,493,449	5,123,758	5,424,584	6,899,834	7,148,230
1,116,727	1,067,247	1,134,207	1,227,004	1,649,499	5,409,480
47,841	79,185	83,613	86,423	89,043	87,189
28,786	16,129	6,364	5,848	11,510	29,992
-	-	-	45,750	653,753	278,400
113,258	-	-	-	-	-
123,627	468,423	164,956	2,239,966	4,113,006	173,038
26,918	33,400	34,640	61,841	97,646	273,800
4,941	4,831	3,591	5,518	9,364	51,164
7,589,949	7,715,788	8,143,841	10,873,646	16,415,486	15,394,962
(241,840)	410,442	1,765,980	955,430	(2,102,651)	(549,343)
174,485	-	-	106,168	125,426	979,291
2,526	-	-	-	-	-
320,000	42,538	-	-	1,199,062	-
(320,000)	(50,000)	(329,718)	(304,568)	(1,199,062)	-
177,011	(7,462)	(329,718)	(198,400)	125,426	979,291
\$ (64,829)	\$ 402,980	\$ 1,436,262	\$ 757,030	\$ (1,977,225)	\$ 429,948
0.44%	0.53%	0.48%	0.66%	0.79%	2.41%

CITY OF DENHAM SPRINGS

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Occupational Licenses and Permits	Charitable Gaming Tax	Total
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
2007	181,812	6,557,726	798,040	917,389	-	8,454,967
2008	187,707	6,856,653	860,134	984,586	28,715	8,917,795
2009	205,201	6,921,858	870,836	981,531	332,309	9,311,735

CITY OF DENHAM SPRINGS

ASSESSED AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY

Last Ten Years

<u>Year</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio of Total Assessed Value to Total Estimated Actual Value*</u>
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
2007	64,885,680	589,869,818	11
2008	67,237,330	611,248,455	11
2009	74,931,120	681,192,000	11

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

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

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

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

CITY OF DENHAM SPRINGS

PROPERTY TAX RATES AND TAX LEVIES
DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Years

Fiscal Year	City of Denham Springs		Parishwide ¹	Parish Special Districts				Total Parish Millage
	Operating Millage	Total City Millage		Drainage District #1	Recreation District #3	Law Enforcement District	Juvenile Detention Center	
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
2007	2.84	2.84	42.88	4.60	20.00	12.51	3.00	82.99
2008	2.83	2.83	49.88	4.60	17.50	12.51	3.00	87.49
2009	2.75	2.75	43.32	3.99	16.00	10.55	3.00	76.86

¹Parishwide - includes all or some of the following:

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

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

Livingston Parish School Board						
Operational Millage	Additional Support Millage	Maintenance Millage	Construction Millage	Debt Service Millage	Total School Millages	Total Direct and Overlapping Rates
3.29	7.18	7.00	5.00	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
3.29	7.18	7.00	5.00	6.73	29.20	115.03
3.29	7.18	7.00	5.00	32.55	55.02	145.34
3.29	7.18	7.00	5.00	22.55	45.02	124.63

CITY OF DENHAM SPRINGS
PRINCIPAL PROPERTY TAXPAYERS

June 30, 2009

Rank	Name of Taxpayer	Type of Business	2009	
			Assessed Valuation	Percentage of Total Taxable Assessed Value
1	Walmart Louisiana, LLC #935	Retail	\$ 2,742,490	3.66%
2	All Star Dealership Properties	Auto Dealership	2,737,660	3.65
3	Bellsouth/AT&T Telecommunications	Public Utility	2,729,180	3.64
4	Home Depot #0375	Retail	1,603,930	2.14
5	Hancock Bank of Louisiana	Bank	1,492,140	1.99
6	Capital One Bank	Bank	1,200,940	1.60
7	Cox Communications Inc.	Telecommunications	1,017,430	1.36
8	First Guaranty Bank	Bank	1,003,370	1.34
9	Sring Park Property Owner, LLC	Real Estate	773,220	1.03
10	Entergy Gulf States, LLC	Public Utility	552,900	0.74
			<u>\$ 15,853,260</u>	<u>21.15%</u>

Source: Livingston Parish Assessor's Office.

CITY OF DENHAM SPRINGS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Total Tax Levy For Fiscal Year</u>	<u>Collected Within the Fiscal Year of Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
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	2,226	180,416	97.50
2007	184,470	180,930	98.08	2,586	183,516	99.48
2008	189,945	185,750	97.79	2,305	188,055	99.00
2009	205,911	197,859	96.09	-	197,859	96.09

CITY OF DENHAM SPRINGS

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

LAST TEN FISCAL YEARS

<u>Standard Industrial Classification Code</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Agriculture, Forestry, and Fishing	N/A									
Mining	N/A									
Construction	N/A									
Manufacturing	N/A									
Transportation and Public Utilities	N/A									
Wholesale Trade	N/A									
Other Retail Trade	N/A									
Vehicle	20,529	21,277	21,370	18,808	18,491	18,873	22,733	30,770	26,604	21,479
Food Stores	N/A									
Finance, Insurance, and Real Estate	N/A									
Services	N/A									
Public Administration	N/A									

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

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CITY OF DENHAM SPRINGS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities			Business - Type Activities	Total Primary Government
	General Obligation Bonds	Certificates of Indebtedness	Capital Lease	Revenue Bonds	
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
2007	-	-	123,854	23,765,000	23,888,854
2008	-	-	151,634	32,415,000	32,566,634
2009	-	-	857,125	31,935,000	32,792,125

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

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

Schedule 12

<u>Percentage of Personal Income</u>	<u>Population¹</u>	<u>Per Capita</u>
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
N/A	10,342	2,309.89
N/A	10,439	3,119.71
N/A	10,480	3,129.02

CITY OF DENHAM SPRINGS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
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
2007	-	-	-	N/A	N/A
2008	-	-	-	N/A	N/A
2009	-	-	-	N/A	N/A

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

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

Population data can be found in the Schedule of Demographic and Economic Statistics on Schedule 17.

CITY OF DENHAM SPRINGS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

JUNE 30, 2009

	Gross Debt Outstanding	Amounts In Debt Service Fund For Principal	Net Debt Outstanding	City of Denham Springs	
				Estimated Percentage Applicable ¹	Share of Debt
<u>GOVERNMENTAL UNIT - Direct Debt</u>					
City of Denham Springs	\$ -	\$ -	\$ -	100%	\$ -
<u>OTHER GOVERNMENTAL AGENCIES - Overlapping Debt</u>					
School District #1	\$ 28,255,000	\$ 2,084,758	\$ 26,170,242	39%	\$ 10,206,394
Library Bonds	7,945,000	2,160,935	5,784,065	16%	925,450
Livingston Parish -					
Recreation District No. 3	8,635,000	839,450	7,795,550	45%	3,507,998
Recreation District No. 3	1,250,000	430,271	819,729	45%	368,878
Total Other Governmental Agencies	<u>\$ 46,085,000</u>	<u>\$ 5,515,414</u>	<u>\$ 40,569,586</u>		<u>\$ 15,008,720</u>
Total Direct and Overlapping Debt	<u>\$ 46,085,000</u>	<u>\$ 5,515,414</u>	<u>\$ 40,569,586</u>		<u>\$ 15,008,720</u>
2008 Population					<u>10,480</u>
Per Capita					<u>\$ 1,432</u>

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

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

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

CITY OF DENHAM SPRINGS

LEGAL DEBT MARGIN INFORMATION

Last Ten Years

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Debt Limit	\$ 3,611,343	\$ 4,596,851	\$ 4,750,234	\$ 4,832,546
Total Net Debt Applicable to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 3,611,343</u>	<u>\$ 4,596,851</u>	<u>\$ 4,750,234</u>	<u>\$ 4,832,546</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

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

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 5,346,796	\$ 6,210,695	\$ 6,337,620	\$ 6,488,568	\$ 6,723,733	\$ 7,493,112
-	-	-	-	-	-
<u>\$ 5,346,796</u>	<u>\$ 6,210,695</u>	<u>\$ 6,337,620</u>	<u>\$ 6,488,568</u>	<u>\$ 6,723,733</u>	<u>\$ 7,493,112</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 2009

Total Assessed Value	<u>\$ 74,931,120</u>
Debt Limit (10% of Total Assessed Value)	\$ 7,493,112
Less: Debt Applicable to Limit: General Obligation Bonds	<u>-</u>
Legal Debt Margin	<u>\$ 7,493,112</u>

CITY OF DENHAM SPRINGS

PLEDGED REVENUE COVERAGE

Last Ten Years

Year	Utility Revenue Bonds					
	Gross Revenue ¹	Other Financial Sources ³	Expenses ²	Available for Debt Service	Debt Service	
					Principal	Interest
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
2007	6,979,119	304,568	6,353,047	930,640	-	-
2008	9,021,392	-	7,649,322	1,372,070	450,000	1,051,364 ⁴
2009	10,316,018	-	7,221,571	3,094,447	480,000	1,402,730 ⁴

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

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

³Transfers In

⁴Interest capitalized during construction

Special Assessment Certificates

Total	Coverage	Special	Debt Service		Coverage
		Assessment Collections	Principal	Interest	
\$ 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
-	N/A	-	-	-	N/A
1,501,364	0.91	-	-	-	N/A
1,882,730	1.64	-	-	-	N/A

CITY OF DENHAM SPRINGS

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Years

<u>Year</u>	<u>Population¹</u>	<u>Personal Income (amounts expressed in thousands)</u>	<u>Per Capita Income²</u>	<u>Median Age⁵</u>	<u>Public School Enrollment⁴</u>
2000	9,175	183,399	19,989	35	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	240,805	23,685	N/A	21,561
2006	10,217	264,814	25,919	N/A	23,141
2007	10,342	N/A	N/A	N/A	23,347
2008	10,439	N/A	N/A	N/A	23,549
2009	10,480	N/A	N/A	N/A	24,311

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

²Parishwide Per Capita Income Per Louisiana Department of Labor.

³Per Louisiana Department of Labor.

⁴Louisiana Department of Education.

⁵United States Census Bureau.

N/A - Not readily available at this time.

Schedule 17

<u>Unemployment Livingston Parish³</u>	<u>Unemployment Labor Market Area³</u>
5.0	4.0
6.1	4.6
6.1	5.4
6.7	5.6
7.4	6.2
6.3	6.1
4.5	4.6
4.3	4.6
4.5	5.0
7.3	7.4

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				
	2000	2001	2002	2003	2004
General Government:					
General Provisions	11	11	10	13	11
Cemetery	2	2	2	2	2
Business License and Permit	2	1	2	2	2
Ward II Court	1	1	1	2	2
Planning and Zoning	4	4	4	3	3
Landscaping	-	-	-	2	2
Public Safety:					
Animal Control	1	2	2	4	3
Firemen	20	21	25	23	25
Firemen Administrative Staff	-	-	-	-	-
Policemen	27	27	27	26	26
Police Communications	11	12	10	12	11
Police Administrative Staff	3	3	3	3	4
Police Crossing Guards	2	2	2	2	2
Litter Control	-	-	-	1	1
Public Works:					
Street	20	19	23	17	14
Culture and Recreation:					
Main Street Director	1	1	1	1	-
Old City Hall Secretary	-	-	-	-	-
Public Utilities:					
Natural Gas, Water and Sewer	33	35	33	37	40
Motor Pool:					
Mechanics	1	2	2	2	2
Total Full-time Equivalent	139	143	147	152	150
Total Full-time and Part-time Employees	145	150	154	159	159

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 18

Full-time Equivalent Employees as of June 30

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
10	10	12	13	14
2	2	2	2	-
2	2	1	1	1
2	2	2	2	2
3	3	3	4	3
2	-	-	-	-
4	4	6	11	10
25	25	27	27	28
-	-	-	1	-
26	27	30	33	34
5	5	5	5	3
4	4	5	6	5
2	3	3	3	3
1	1	1	1	-
14	15	17	18	18
-	-	-	-	-
-	-	-	-	1
40	37	42	47	43
2	2	1	2	2
<u>144</u>	<u>142</u>	<u>157</u>	<u>176</u>	<u>167</u>
<u>154</u>	<u>153</u>	<u>166</u>	<u>186</u>	<u>179</u>

CITY OF DENHAM SPRINGS

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Government				
Election Data				
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
Ward II Court				
Court Cases				
Civil	984	1,000	1,091	1,074
Criminal	1,104	3,442	4,818	5,215
Landlord and tenant (Included in Civil)	-	-	-	-
Small Claims	-	-	-	-
Traffic	6,066	7,362	6,368	7,699
Public Safety				
Police Protection				
Adult arrests	N/A	761	724	681
Civil infractions	N/A	N/A	N/A	N/A
Group A Offenses	N/A	1,497	1,496	1,325
Group B Offenses	N/A	386	378	441
Accidents w/injury	N/A	232	275	264
Juvenile arrest	N/A	144	110	90
DWI	N/A	81	91	85
Parking violations	N/A	N/A	N/A	N/A
Criminal damage to property	N/A	268	269	127
Private property damage	N/A	N/A	N/A	N/A
Total traffic violations	N/A	7,174	5,780	7,107
Fire Protection				
Fire	84	86	52	51
Estimated Loss Due to Fire Incidents Reported	N/A	N/A	N/A	N/A
Overpressure rupture, explosion, overhear (no fire)	5	4	1	8
Rescue & Emergency Medical Service Incident	947	901	906	949
Hazardous Condition (No Fire)	38	34	48	36
Service Call	86	68	105	101
Good Intent Call	48	52	48	65
False Alarm & False Call	84	63	59	63
Severe Weather & Natural Disaster	-	2	-	-
Special Incident Type	-	1	2	3

(CONTINUED)

Schedule 19

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
5,812	5,886	6,413	6,437	6,390	6,530
2,022	907	1,470	1,886	1,519	2,447
87	47	43	59	88	304
36.30%	16.20%	23.60%	30.22%	25.15%	37.48%
1,250	1,053	858	1,333	1,479	1,703
5,763	6,847	1,689	1,794	2,422	1,750
-	-	N/A	N/A	N/A	N/A
-	-	-	-	-	-
8,238	8,932	10,028	11,281	14,281	12,256
613	874	833	908	910	946
N/A	N/A	N/A	N/A	N/A	N/A
1,284	1,378	1,450	1,493	1,528	1,169
308	412	463	483	513	603
282	134	124	148	176	111
74	122	97	131	93	98
71	95	90	78	122	118
N/A	N/A	N/A	N/A	N/A	N/A
151	123	166	196	232	397
N/A	N/A	N/A	N/A	N/A	N/A
9,113	9,945	10,013	9,199	11,262	9,043
64	62	64	96	107	88
N/A	N/A	N/A	N/A	N/A	142,175
5	5	2	-	4	6
948	1,176	910	1,119	1,187	1,026
38	65	21	34	36	63
89	115	72	104	102	137
87	140	131	146	117	103
76	117	75	143	122	78
2	3	2	8	3	5
2	-	-	-	7	7

CITY OF DENHAM SPRINGS

OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

	2000	2001	2002	2003
Natural Gas Services				
Customers	4,462	4,511	4,591	4,675
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
Natural Gas (in million cubic feet (MCF))				
Purchased from LA Municipal Gas Authority (LMGA)	265,120	300,873	271,184	272,337
Sold to customers	253,530	258,536	265,569	258,536
Rates				
Residential Customers inside the city				
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
Residential Customers outside the city and all commercial customers inside and outside the city				
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
All customers inside and outside the city				
Minimum monthly charge				
Monthly gas rate - cost of gas plus .50 cents per CCF (hundred cubic feet)				
Water Services				
Customers	6,141	6,249	6,356	6,459
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
Water (per hundred gallons)				
Sold to customers	N/A	N/A	N/A	N/A

(CONTINUED)

Schedule 19
(Continued)

2004	2005	2006	2007	2008	2009
4,838	5,024	5,274	5,607	6,114	6,394
2,307	2,295	2,257	2,265	2,435	2,458
227	230	227	243	332	355
2,248	2,438	2,732	3,036	3,313	3,504
56	61	58	63	34	77
253,568	239,969	253,568	290,515	276,000	270,765
242,846	234,656	239,077	282,351	259,041	263,564
\$ 5.63	RATES	CHANGED	CHANGED	CHANGED	CHANGED
\$ 6.36					
\$ 6.26					
\$ 6.16	SEE	BELOW	BELOW	BELOW	BELOW
\$ 6.03	RATES	CHANGED	CHANGED	CHANGED	CHANGED
\$ 6.76					
\$ 6.66					
\$ 6.56	SEE	BELOW	BELOW	BELOW	BELOW
\$ 5.63	\$ 5.63	\$ 5.63	\$ 5.63	\$ 8.25	\$ 8.25
eff. 11-9-04	eff. 11-9-04	eff. 11-9-04	eff. 11-9-04	eff. 3-1-08	eff. 3-1-08
6,684	6,945	7,073	7,367	7,448	7,584
3,397	3,412	3,393	3,438	3,351	3,351
539	561	565	583	680	692
2,697	2,911	3,052	3,280	3,342	3,463
51	61	63	66	75	78
N/A	837,346	1,027,001	825,024	879,501	1,183,207

CITY OF DENHAM SPRINGS

OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Rates (amount billed customers)				
Inside the corporate limits				
For the first 2,500 gallons monthly minimum charge based on meter size - Refer to meter chart (A)				
For every 1,000 gallons or part thereof next 5,500 gallons	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
For every 1,000 gallons or part thereof next 17,000 gallons	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75
For every 1,000 gallons or part thereof all over 25,000 gallons	\$ 0.65	\$ 0.65	\$ 0.65	\$ 0.65
Flat fee for filling of swimming pool or tank truck from fire hydrant by authorized personnel	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00
Chart (A) - Monthly minimum charge				
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
Outside the corporate limits				
For the first 2,500 gallons monthly minimum charge based on meter size - Refer to meter chart (B)				
For every 1,000 gallons or part thereof next 5,500 gallons	\$ 1.20	\$ 1.20	\$ 1.20	\$ 1.20
For every 1,000 gallons or part thereof next 17,000 gallons	\$ 0.90	\$ 0.90	\$ 0.90	\$ 0.90
For every 1,000 gallons or part thereof all over 25,000 gallons	\$ 0.78	\$ 0.78	\$ 0.78	\$ 0.78
Flat fee for filling of swimming pool or tank truck from fire hydrant by authorized personnel	\$ 48.00	\$ 48.00	\$ 48.00	\$ 48.00

(CONTINUED)

Schedule 19
(Continued)

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 1.00	\$ 1.00	\$ 1.00	\$ 2.00	\$ 2.25	\$ 2.25
\$ 0.75	\$ 0.75	\$ 0.75	\$ 1.85	\$ 2.10	\$ 2.10
\$ 0.65	\$ 0.65	\$ 0.65	\$ 1.70	\$ 1.95	\$ 1.95
\$ 40.00	\$ 40.00	\$ 40.00	\$ 70.00	\$ 75.00	\$ 75.00
\$ 5.50	\$ 5.50	\$ 5.50	\$ 6.75	\$ 6.75	\$ 6.75
\$ 8.20	\$ 8.20	\$ 8.20	\$ 9.10	\$ 9.10	\$ 9.10
\$ 13.70	\$ 13.70	\$ 13.70	\$ 15.15	\$ 15.15	\$ 15.15
\$ 27.30	\$ 27.30	\$ 27.30	\$ 30.15	\$ 30.15	\$ 30.15
\$ 43.70	\$ 43.70	\$ 43.70	\$ 48.30	\$ 48.30	\$ 48.30
\$ 82.60	\$ 82.60	\$ 82.60	\$ 91.25	\$ 91.25	\$ 91.25
\$ 137.80	\$ 137.80	\$ 137.80	\$ 152.20	\$ 152.20	\$ 152.20
\$ 275.15	\$ 275.15	\$ 275.15	\$ 303.80	\$ 303.80	\$ 303.80
\$ 550.00	\$ 550.00	\$ 550.00	\$ 607.25	\$ 607.25	\$ 607.25
\$ 1.20	\$ 1.20	\$ 1.20	\$ 2.25	\$ 2.25	\$ 2.25
\$ 0.90	\$ 0.90	\$ 0.90	\$ 2.10	\$ 2.10	\$ 2.10
\$ 0.78	\$ 0.78	\$ 0.78	\$ 1.95	\$ 1.95	\$ 1.95
\$ 48.00	\$ 48.00	\$ 48.00	\$ 75.00	\$ 75.00	\$ 75.00

CITY OF DENHAM SPRINGS

OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Chart (B) - Monthly minimum charge				
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
Sewer Services				
Customers	5,188	5,231	5,289	5,294
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
Rates (amount billed customers)				
Residential customers inside the city				
Monthly flat fee and	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00
% of water consumption per 100 gallons	3%	3%	3%	3%
Residential customers outside the city				
Monthly flat fee and	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00
% of water consumption per 100 gallons	3%	3%	3%	3%
Commercial customers inside the city				
Monthly flat fee and	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00
% of water consumption per 100 gallons	3%	3%	3%	3%
Commercial customers outside the city				
Monthly flat fee and	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00
% of water consumption per 100 gallons	5%	5%	5%	5%

(CONTINUED)

Schedule 19
(Continued)

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 6.61	\$ 6.61	\$ 6.61	\$ 7.25	\$ 7.25	\$ 7.25
\$ 9.84	\$ 9.84	\$ 9.84	\$ 10.90	\$ 10.90	\$ 10.90
\$ 16.44	\$ 16.44	\$ 16.44	\$ 18.15	\$ 18.15	\$ 18.15
\$ 32.76	\$ 32.76	\$ 32.76	\$ 36.20	\$ 36.20	\$ 36.20
\$ 52.44	\$ 52.44	\$ 52.44	\$ 57.95	\$ 57.95	\$ 57.95
\$ 99.12	\$ 99.12	\$ 99.12	\$ 109.50	\$ 109.50	\$ 109.50
\$ 165.36	\$ 165.36	\$ 165.36	\$ 182.60	\$ 182.60	\$ 182.60
\$ 330.18	\$ 330.18	\$ 330.18	\$ 364.55	\$ 364.55	\$ 364.55
\$ 660.00	\$ 660.00	\$ 660.00	\$ 728.70	\$ 728.70	\$ 728.70
5,348	5,420	5,424	5,489	5,485	5,601
3,232	3,253	3,236	3,275	3,208	3,210
514	514	514	527	619	636
1,571	1,622	1,640	1,654	1,623	1,715
31	31	34	33	35	40
\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 10.00	\$ 10.00
3%	3%	3%	10%	25%	25%
\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 12.00	\$ 12.00
3%	3%	3%	10%	25%	25%
RATES SEE	CHANGED BELOW	RATES SEE	CHANGED BELOW	CHANGED BELOW	CHANGED BELOW
RATES SEE	CHANGED BELOW	RATES SEE	CHANGED BELOW	CHANGED BELOW	CHANGED BELOW

CITY OF DENHAM SPRINGS

OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Commercial customers inside the city				
Hotels/Motels				
Monthly flat fee of \$6.00 based on number of rooms and % of water consumption per 100 gal.	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A
All other commercial customers inside the city				
Monthly flat fee based on commercial business zone and				
Zone C-1 \$20.00	N/A	N/A	N/A	N/A
Zone C-2 \$25.00	N/A	N/A	N/A	N/A
Zone C-3 \$30.00	N/A	N/A	N/A	N/A
Zone C-4 \$35.00	N/A	N/A	N/A	N/A
Zone I-1 and I-2 \$40.00	N/A	N/A	N/A	N/A
25% of water consumption per 100 gallons (Month Avg. 26,409)				
RIRZ	N/A	N/A	N/A	N/A
Commercial customers outside the city				
Hotels/Motels				
Monthly flat fee of \$7.00 based on number of rooms and % of water consumption per 100 gal.	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A
All other commercial customers outside the city				
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
Sanitation Services				
Customers	3,215	3,246	3,275	3,390
Inside - Residential	N/A	3,133	3,155	3,267
Inside - Commercial/Industrial	N/A	113	120	123
Sanitation Service Contracted Rates -				
Monthly per Customer				
Twice Weekly Pickup and Weekly Pickup of Recycling	\$ 12.43	\$ 13.13	\$ 13.76	\$ 12.51
Rates (amount billed customers)				
Inside - Residential	\$ 13.37	\$ 14.49	\$ 14.49	\$ 13.55
Inside - Commercial/Industrial	\$ 11.25	\$ 12.19	\$ 12.19	\$ 11.80
Inside - Senior Citizens	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00

Schedule 19
(Continued)

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
217 Rooms 3%	217 Rooms 3%	217 Rooms 3%	314 Rooms 10%	314 Rooms 25%	341 Rooms 25%
12	12	12	12	23	23
25	25	25	25	40	40
436	436	436	503	510	510
20	20	20	20	34	34
21	21	21	21	23	23
3%	3%	3%	10%	25%	25%
N/A	N/A	N/A	N/A	23	23
None 3%	None 3%	None 3%	None 12%	None 25%	None 25%
\$ 28.00 5%	\$ 31.00 5%	\$ 34.00 5%	\$ 36.00 12%	Included w/ inside City	Included w/ inside City
3,407	3,426	3,415	3,366	3,470	3,485
3,279	3,293	3,282	3,231	3,318	3,323
128	133	133	135	152	162
\$ 13.58	\$ 14.35	\$ 14.86	\$ 14.86	\$ 16.43	\$ 17.44
\$ 14.30	\$ 14.30	\$ 14.81	\$ 14.81	\$ 16.43	\$ 17.44
\$ 12.55	\$ 12.55	\$ 13.06	\$ 13.06	\$ 14.68	\$ 15.69
\$ 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>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Government					
Buildings					
Municipal (City Hall, Ward II Court and Ward II Marshall)	1	1	1	1	1
Public Safety					
Police Protection					
Stations	1	1	1	1	1
Vehicles - Marked	N/A	N/A	28	28	28
Vehicles - Unmarked	N/A	N/A	6	6	6
Motorcycles - Marked	N/A	N/A	2	2	2
Fire Protection					
Administrative Office	N/A	N/A	N/A	N/A	N/A
Stations	2	2	2	2	3
Vehicles - Extinguishment	4	4	4	4	4
Vehicles - Emergency Medical	1	1	1	1	1
Public Works					
Streets and Sidewalks					
Miles of City:					
Primary streets (State and Federal)	N/A	N/A	N/A	N/A	N/A
Secondary streets (City)	42.7	42.7	42.7	45.3	45.3
Sidewalks	N/A	N/A	N/A	N/A	N/A
Bridges	N/A	N/A	N/A	N/A	N/A
Buildings	2	2	2	2	2
Street Lights:					
Residential	638	638	638	638	638
Street and Highway	284	284	284	284	284
Security Light	2	2	2	2	2
Vehicles	N/A	N/A	15	15	16
Natural Gas, Water and Sewer Services					
Fire Hydrants	N/A	N/A	N/A	N/A	N/A
Miles of natural gas mains	145	146	149	151	159
Miles of water mains	N/A	N/A	N/A	N/A	N/A
Miles of sanitary sewer	N/A	N/A	N/A	N/A	N/A
Number of sewer pumping stations	32	32	32	32	36
Type of sewer treatment system	Rock Reed	Rock Reed	Rock Reed	Rock Reed	Rock Reed
Recreation and Culture					
Parks and Recreation					
Acres	1	1	1	1	3
Developed parks (Spring and Train Station)	1	1	1	1	2
Buildings (Spring and Train Station)	1	1	1	1	2

Schedule 20

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
1	1	1	1	1
1	1	1	1	1
28	28	30	30	33
6	6	7	7	7
3	3	3	4	4
N/A	N/A	1	1	1
3	3	3	3	3
4	4	4	6	6
1	1	1	1	1
N/A	N/A	N/A	N/A	N/A
45.3	45.3	45.3	45.3	45.3
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
2	2	2	2	2
638	652	652	652	652
284	284	284	284	284
2	2	2	2	2
16	17	17	17	17
N/A	N/A	568	568	1,099
163	N/A	180	180	180
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
36	37	37	37	37
Rock Reed	Rock Reed	Rock Reed	Oxidation Ponds	Oxidation Ponds
3	3	3	3	3
2	2	2	2	2
2	2	2	2	3

CITY OF DENHAM SPRINGS, LOUISIANA

SINGLE AUDIT REPORTS

JUNE 30, 2009

CITY OF DENHAM SPRINGS, LOUISIANA

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

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November 30, 2009

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, the budgetary comparison statement of the general fund, and the aggregate remaining fund information of the City of Denham Springs, Louisiana, as of and for the year ended June 30, 2009, which collectively comprise the City of Denham Springs, Louisiana's basic financial statements and have issued our report thereon dated November 30, 2009. 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, 2009. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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.

We noted certain matters that we reported to management of the City of Denham Springs in a separate letter dated November 30, 2009.

This report is intended solely for the information and use 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

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November 30, 2009

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, 2009. The City of Denham Springs' major federal programs are 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 programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the City of Denham Springs is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Denham Springs' internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of City of Denham Springs as of and for the year ended June 30, 2009, and have issued our report thereon dated November 30, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City of Denham Springs basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. 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.

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,

Hannu L. Bourgeois, CPA

CITY OF DENHAM SPRINGS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2009

<u>Federal Grantor/ Pass-Through Grantor/ Program Name</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
<u>United States Department of Homeland Security</u>			
Passed through State of Louisiana, Military Office of Homeland Security and Preparedness			
Disaster Grants - Public Assistance	97.036	FIPS#063-20435-00	\$4,229,697
 <u>United States Department of Justice</u>			
Byrne Justice Assistance Grant	16.738	2007DJBX1295	16,866
Federal Bureau of Investigation	16.738	N/A	<u>17,948</u>
Total U.S. Department of Justice			<u>34,814</u>
Total Expenditures of Federal Awards			<u><u>\$4,264,511</u></u>

CITY OF DENHAM SPRINGS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2009

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, 2009. 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, 2009.

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, 2009

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:

<u>Federal Grantor/ Pass - Through Grantor/ Program Name</u>	<u>CFDA Number</u>
<u>United States Department Homeland Security</u> Passed Through State of Louisiana, Military Office of Homeland Security and Preparedness Disaster Relief – Public 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.

CITY OF DENHAM SPRINGS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2009

B. Findings - Internal Control Over Financial Reporting

None.

C. Findings - Compliance and Other Matters

None.

CITY OF DENHAM SPRINGS

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2009

A. Findings - Internal Control Over Financial Reporting

None.

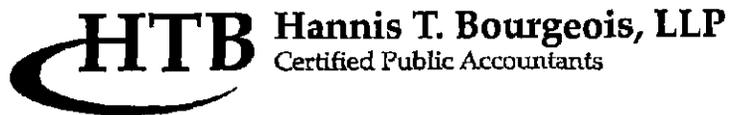
B. Findings - Compliance and Other Matters

None.

CITY OF DENHAM SPRINGS, LOUISIANA

MANAGEMENT LETTER

JUNE 30, 2009



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November 30, 2009

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, 2009, 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 November 30, 2009, 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.

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. The personnel manual needs to be completed to include recommendations from the legal counsel. Once these procedure manuals are completed, management is planning on combining all procedures within the accounting cycle into one manual.

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,

Harold J. Bourgeois, CPA