

**CITY OF NATCHITOCHES, LOUISIANA
ANNUAL FINANCIAL REPORT**

MAY 31, 2011

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 **DEC 07 2011**

City of Natchitoches, Louisiana
Annual Financial Report
May 31, 2011

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CITY OF NATCHITOCHES

Oldest Settlement in the Louisiana Purchase



FINANCE DEPARTMENT

Patrick G. Jones, Director

Management's Discussion and Analysis

This section of the City of Natchitoches' annual financial report offers readers a narrative overview and analysis of the financial performance of the City for the fiscal year ended on May 31, 2011. The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June, 1999. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the City's financial statements, which immediately follow this section.

Financial Highlights

- The assets of the City of Natchitoches exceeded its liabilities at the close of the most recent fiscal year by \$118,040,116 (net assets). Of this amount, \$17,770,976 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- As of the close of the current fiscal year, the City of Natchitoches' governmental funds reported combined ending fund balances of \$23,755,408. Approximately 81% of this total amount or \$19,303,635 is unreserved and available for use within the City's designation and policies.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,748,517 or 14% of the total general fund expenditures.
- The City's bond and notes payable totaled \$12,101,860.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) financial statements of individual funds, and 3) notes to the financial statements.

Government-wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the City'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 is improving or deteriorating.

CITY OF NATCHITOCHES, LOUISIANA

Management's Discussion and Analysis For Year Ended May 31, 2011

The Statement of Activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when 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 the future fiscal periods (e.g., uncollected taxes and earned, but unused, compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from 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 include general government, public safety, streets and sanitation, water, sewer, and utilities, economic development, health and welfare, recreation and culture, and interest on long-term debt. The business-type activities of the City include utilities administration, electric, water and sewer, and interest on long-term debt. The government-wide financial statements can be found on pages 12 and 13 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, 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 can be divided into two categories – governmental funds and proprietary 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 current sources and uses 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 government's near-term financing decisions. Both the governmental funds balance sheet and the governmental statements of revenues, expenditures and changes in fund balances provides a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 62 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, police sales tax, capital projects sales tax, and utility improvement funds, all of which are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental funds financial statements can be found on pages 15 through 18.

CITY OF NATCHITOCHES, LOUISIANA

Management's Discussion and Analysis For Year Ended May 31, 2011

Propriety Funds – The City maintains only one type of propriety fund called an enterprise fund which is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for its electric, water, and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water and sewer funds. The basic propriety fund financial statements can be found on pages 19 through 24 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 56.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the City of Natchitoches, assets exceeded liabilities by \$118,040,116 as of May 31, 2011, which is an increase of \$5,117,288 above May 31, 2010.

The largest portion of the City's net assets (66%) reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City'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.

City of Natchitoches' Net Assets

	As of May 31, 2010			As of May 31, 2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$25,063,180	\$17,897,043	\$ 42,960,223	\$27,854,146	\$19,001,383	\$ 46,855,529
Capital Assets	<u>35,704,717</u>	<u>56,196,267</u>	<u>91,900,984</u>	<u>37,843,130</u>	<u>55,248,337</u>	<u>93,091,467</u>
Total Assets	<u>\$60,767,897</u>	<u>\$74,093,310</u>	<u>\$134,861,207</u>	<u>\$65,697,276</u>	<u>\$74,249,720</u>	<u>\$139,946,996</u>
Long term liabilities	\$ 8,315,643	\$ 624,207	\$ 8,939,850	\$ 9,327,188	\$ 641,678	\$ 9,968,866
Other liabilities	<u>4,117,746</u>	<u>8,880,783</u>	<u>12,998,529</u>	<u>4,098,738</u>	<u>7,839,276</u>	<u>11,938,014</u>
Total Liabilities	<u>\$12,433,389</u>	<u>\$ 9,504,990</u>	<u>\$ 21,938,379</u>	<u>\$13,425,926</u>	<u>\$ 8,480,954</u>	<u>\$ 21,906,880</u>
Net Assets:						
Invested in capital assets,						
Net of related debt	\$29,289,273	\$50,271,096	\$ 79,560,369	\$37,843,130	\$50,324,150	\$ 88,167,280
Restricted	6,415,444	5,925,171	12,340,615	7,117,673	4,924,187	12,101,860
Unrestricted	<u>12,629,791</u>	<u>8,392,053</u>	<u>21,021,844</u>	<u>7,250,547</u>	<u>10,520,429</u>	<u>17,770,976</u>
Total Net Assets	<u>\$48,334,508</u>	<u>\$64,588,320</u>	<u>\$112,922,828</u>	<u>\$52,271,350</u>	<u>\$65,768,766</u>	<u>\$118,040,116</u>

CITY OF NATCHITOCHES, LOUISIANA

Management's Discussion and Analysis For Year Ended May 31, 2011

An additional portion of the City's net assets (10%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$12,846,789 may be used to meet the government's ongoing obligations to citizens and creditors.

The following table provides a summary of the City's operations for year ended May 31, 2010 and May 31, 2011. For both years, the City is able to report positive balances in all three categories of net assets, both for the government, as a whole, as well as for its separate governmental and business-type activities.

City of Natchitoches' Changes in Net Assets

	As of May 31, 2010			As of May 31, 2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Program Revenues:						
Fees, fines and charges for services	\$ 2,883,007	\$28,465,844	\$ 31,348,851	\$ 2,956,235	\$36,862,964	\$ 39,819,199
Operating grants and contributions	1,922,551	0	1,922,551	1,557,334	0	1,557,334
Capital grants and contributions	1,935,115	833,544	2,768,659	1,728,297	1,047,004	2,775,301
General Revenues:						
Ad valorem taxes	1,771,064	0	1,771,064	1,763,462	0	1,763,462
Sales and use tax	9,825,652	0	9,825,652	9,540,146	0	9,540,146
Franchise fees	413,603	0	413,603	881,812	0	881,812
Licenses and permits	586,764	0	586,764	794,712	0	794,712
Interest income	387,357	178,732	566,089	399,914	158,164	558,078
Gain (loss) on sale/retirement of fixed assets	(400,297)	0	(400,297)	675	46,506	47,181
Rental income	80,801	76,947	157,748	81,400	73,498	154,898
Insurance recoveries	225,664	18,395	244,059	33,249	25,322	58,571
Miscellaneous	413,067	12,328	425,395	188,788	0	188,788
Total Revenues	\$20,044,348	\$29,585,790	\$ 49,630,138	\$19,258,236	\$38,213,458	\$ 57,471,694
Expenses:						
General government	\$ 4,045,045	\$ 0	\$ 4,045,045	\$ 4,077,433	\$ 0	\$ 4,077,433
Public safety	7,656,591	0	7,656,591	8,219,473	0	8,219,473
Streets and sanitation	4,359,754	0	4,359,754	4,288,466	0	4,288,466
Recreation and cultural	1,797,049	0	1,797,049	1,050,372	0	1,050,372
Interest on long-term debt	0	266,897	266,897	250,945	248,644	499,589
Water, sewer, and utilities	1,779,594	26,064,800	27,844,394	663,081	30,988,190	31,651,271
Economic development	1,884,992	0	1,884,992	2,082,001	0	2,082,001
Health and welfare	197,052	0	197,052	187,180	0	187,180
Information Tech				0	298,621	298,621
Total Expenses	\$21,720,077	\$26,780,171	\$ 48,500,248	\$20,818,951	\$31,535,455	\$ 52,354,406

CITY OF NATCHITOCHES, LOUISIANA

Management's Discussion and Analysis For Year Ended May 31, 2011

City of Natchitoches' Changes in Net Assets (continued)

	As of May 31, 2010			As of May 31, 2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Increases in net assets before transfers	\$ (1,675,729)	\$ 2,805,619	\$ 1,129,890	\$ (1,560,715)	\$ 6,678,003	\$ 5,117,288
Transfers	<u>4,637,714</u>	<u>(4,637,714)</u>	<u>0</u>	<u>5,497,557</u>	<u>(5,497,557)</u>	<u>0</u>
Increase in net assets	\$ 2,961,985	\$ (1,832,095)	\$ 1,129,890	\$ 3,936,842	\$ 1,180,446	\$ 5,117,288
Net assets – June 1, 2010	<u>45,372,253</u>	<u>66,420,415</u>	<u>111,792,938</u>			
Net assets – May 31, 2011	<u>\$48,334,508</u>	<u>\$64,588,320</u>	<u>\$112,922,828</u>			
Net assets – June 1, 2010				<u>48,334,508</u>	<u>64,588,320</u>	<u>112,922,828</u>
Net assets – May 31, 2011				<u>\$52,271,350</u>	<u>\$65,768,766</u>	<u>\$118,040,116</u>

Financial Analysis of the Government's Funds

Governmental Funds – The focus of the City of Natchitoches' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City'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.

At the end of the current fiscal year, the City of Natchitoches' governmental funds reported combined ending fund balances of \$23,755,408 (an increase of 13% from 2010 fiscal year). Approximately 81% of this total amount (\$19,303,635) constitutes unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay for debt service (\$5,976,920) and to cover fund deficits (\$1,525,147).

General Fund Budgetary Highlights – During the year, the City made two revisions to the original appropriations approved by the City Council.

Capital Assets

The City of Natchitoches' investment in capital assets for its governmental and business-type activities as of May 31, 2011 amounts to \$93,091,467 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, infrastructure and construction in progress.

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

- A picnic pavilion was completed at Ben Johnson Park.
- Improvements made to Breda Town Park.
- An additional storage facility was constructed at the City Warehouse.
- Improvements made to the water, sewer, and electric systems.
- Improvements made to the city airport.

CITY OF NATCHITOCHES, LOUISIANA

Management's Discussion and Analysis For Year Ended May 31, 2011

Capital Assets at Year-end Net of Accumulated Depreciation As of May 31, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Land	\$ 6,831,237	\$ 758,408	\$7,589,645
Construction in Progress	1,750,779	3,613,689	5,364,468
Buildings	11,652,606	1,141,171	12,793,777
Equipment	2,449,512	1,343,428	3,792,940
Utility System	0	51,720,367	51,720,367
Infrastructure	<u>11,830,270</u>	<u>0</u>	<u>11,830,270</u>
Total	<u>\$34,514,404</u>	<u>\$58,577,063</u>	<u>\$93,091,467</u>

Additional information on the City of Natchitoches' capital assets can be found on pages 38 through 42 of this report.

Debt Administration

At the end of the current fiscal year, the City of Natchitoches had a total bonded debt and notes payable of \$12,101,860. Of this amount, \$7,177,673 comprises bonded debt backed by the full faith and credit of the government and \$4,924,187 represents bonds secured solely by utilities revenues.

Outstanding Debt at Year End Bond and Notes Payable As of May 31, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Obligations	\$7,177,673	\$ 0	\$ 7,177,673
Revenue Bonds Payable	<u>0</u>	<u>4,924,187</u>	<u>4,924,187</u>
Total	<u>\$7,177,673</u>	<u>\$4,924,187</u>	<u>\$12,101,860</u>

The City's current Standard and Poors bond rating is AAA.

Additional information on the City of Natchitoches' long-term debt can be found in the notes to financial statements section of this report.

Economic Factors and Next Year's Budgets and Rates

In the fiscal year 2011-12 budget, general fund revenues are budgeted at a 2 percent increase from the 2010-11 budget year. However, sales taxes are budgeted at standstill. Taxes make up about 37% of the general fund budgeted revenues, and transfers make up about 52%. The 2011-12 utility fund operations are budgeted to break even. While economic growth and housing development are at a standstill, the Natchitoches area has been largely insulated from the decline seen in other parts of the country.

CITY OF NATCHITOCHES, LOUISIANA

Management's Discussion and Analysis
For Year Ended May 31, 2011

Request for Information

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Finance Department, at P. O. Box 37, Natchitoches, Louisiana, 71458, call (318) 357-3825, or e-mail pjones@natchitochesla.gov.

Johnson, Thomas & Cunningham

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and the City Council of
Natchitoches, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Natchitoches, Louisiana as of and for the year ended May 31, 2011, which collectively comprise the basic financial statements of the City's primary government as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The financial statements do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The effect on the financial statements of the omitted component units are not known and are undeterminable at this time.

In our opinion, because of the omission of the component units, as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the component units of the City, as of May 31, 2011, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, except for the effects of omitting component units as discussed above, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City's primary government, as of May 31, 2011, 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 our report dated November 14, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary comparisons listed as other required supplemental information in the table of contents and the combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City. The budgetary comparison statements, combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

November 14, 2011
Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

City of Natchitoches, Louisiana
Government-Wide Statement of Net Assets
May 31, 2011

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash & Cash Equivalents	\$ 26,346,732	\$ 5,137,503	\$ 31,484,235
Receivables, net	1,502,414	5,003,879	6,506,293
Other Receivables	0	3,954	3,954
Inventories at Cost	0	1,515,364	1,515,364
Prepaid Expenses	5,000	131,993	136,993
Restricted Assets-			
Cash & Cash Equivalents	0	7,208,690	7,208,690
Capital Assets-			
Land	6,831,237	758,408	7,589,645
Buildings	14,845,950	1,853,925	16,699,875
Machinery & Equipment	2,926,155	9,835,522	12,761,677
Vehicles	4,252,135	1,284,812	5,536,947
Other Assets	593,247	315,231	908,478
Streets	92,379,184	0	92,379,184
Other Infrastructure	9,388,802	0	9,388,802
Construction in Progress	5,079,505	284,963	5,364,468
Utility Plant & System	0	73,721,097	73,721,097
Accumulated Depreciation	<u>(98,453,085)</u>	<u>(32,805,621)</u>	<u>(131,258,706)</u>
Total Assets	<u>\$ 65,697,276</u>	<u>\$ 74,249,720</u>	<u>\$ 139,946,996</u>
Liabilities:			
Cash Overdrafts	\$ 2,004,259	\$ 0	\$ 2,004,259
Accounts Payable	499,133	1,925,358	2,424,491
Accrued Payroll	476,924	150,224	627,148
Accrued Expenses	1,118,422	18,019	1,136,441
Payable from Restricted Assets-			
Bond Principal	0	4,924,187	4,924,187
Customer's Deposits	0	821,488	821,488
Long-term Debt-			
Due within One Year	1,460,377	0	1,460,377
Due in More than One Year	5,717,296	0	5,717,296
Net OPEB Obligation	318,530	95,124	413,654
Accrued Employee Vacations	<u>1,830,985</u>	<u>546,554</u>	<u>2,377,539</u>
Total Liabilities	<u>\$ 13,425,926</u>	<u>\$ 8,480,954</u>	<u>\$ 21,906,880</u>
Net Assets:			
Invested in Capital Assets,			
Net of Related Debt	\$ 37,843,130	\$ 50,324,150	\$ 88,167,280
Restricted for Debt Service	7,177,673	4,924,187	12,101,860
Unrestricted	<u>7,250,547</u>	<u>10,520,429</u>	<u>17,770,976</u>
Total Net Assets	<u>\$ 52,271,350</u>	<u>\$ 65,768,766</u>	<u>\$ 118,040,116</u>

See notes to financial statements.

City of Natchitoches, Louisiana
Government-Wide Statement of Activities
For the Year Ended May 31, 2011

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 4,077,433	\$ 1,081	\$ 290,754	\$ 0	\$ (3,785,598)	\$ 0	\$ (3,785,598)
Public Safety	8,219,473	235,990	832,767	7,500	(7,143,216)	0	(7,143,216)
Streets & Sanitation	4,288,466	2,013,033	0	0	(2,275,433)	0	(2,275,433)
Water, Sewer & Utilities	663,081	0	0	981,627	318,546	0	318,546
Economic Development	2,082,001	663,350	202,203	657,942	(558,506)	0	(558,506)
Health & Welfare	187,180	0	0	0	(187,180)	0	(187,180)
Recreation & Culture	1,050,372	42,781	231,610	81,228	(694,753)	0	(694,753)
Interest on Long-term Debt	<u>250,945</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(250,945)</u>	<u>0</u>	<u>(250,945)</u>
Total Governmental Activities	\$20,818,951	\$ 2,956,235	\$1,557,334	\$1,728,297	\$ (14,577,085)	\$ 0	\$ (14,577,085)
Business-Type Activities:							
Utilities Administration	\$ 1,365,256	\$ 0	\$ 0	\$ 0	\$ 0	\$ (1,365,256)	\$ (1,365,256)
Electric	25,045,606	31,907,912	0	288,078	0	7,150,384	7,150,384
Water	2,664,716	3,307,848	0	7,018	0	650,150	650,150
Sewer	1,912,612	1,647,204	0	751,908	0	486,500	486,500
Information Technology	298,621	0	0	0	0	(298,621)	(298,621)
Interest on Long-term Debt	<u>248,644</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(248,644)</u>	<u>(248,644)</u>
Total Business-Type Activities	\$31,535,455	\$36,862,964	\$ 0	\$1,047,004	\$ 0	\$ 6,374,513	\$ 6,374,513
Total Government	\$52,354,406	\$39,819,199	\$1,557,334	\$2,775,301	\$ (14,577,085)	\$ 6,374,513	\$ (8,202,572)
General Revenues:							
Taxes-							
Ad Valorem					\$ 1,763,462	\$ 0	\$ 1,763,462
Sales & Use					9,540,146	0	9,540,146
Franchise					881,812	0	881,812
Licenses & Permits					794,712	0	794,712
Interest Income					399,914	158,164	558,078
Capital Contributed to Other Funds					(667,788)	0	(667,788)
Gain (Loss) on Sale of Assets					675	46,506	47,181
Rental Income					81,400	73,498	154,898
Insurance Recoveries					33,249	25,322	58,571
Miscellaneous					188,788	0	188,788
Transfers					<u>5,497,557</u>	<u>(5,497,557)</u>	<u>0</u>
Total General Revenues & Transfers					\$ 18,513,927	\$ (5,194,067)	\$ 13,319,860
Change in Net Assets					\$ 3,936,842	\$ 1,180,446	\$ 5,117,288
Net Assets at Beginning of Year					48,334,508	64,588,320	112,922,828
Net Assets at End of Year					\$ 52,271,350	\$65,768,766	\$118,040,116

See notes to financial statements.

FUND FINANCIAL STATEMENTS

City of Natchitoches, Louisiana
Balance Sheet-Governmental Funds
May 31, 2011

	<u>Major Funds</u>			
	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>Fund</u>	<u>Sales Tax</u>	<u>Funds</u>	<u>Governmental</u>
		<u>Fund</u>		<u>Funds</u>
<u>Assets</u>				
Cash & Cash Equivalents	\$2,260,852	\$13,886,499	\$10,199,381	\$26,346,732
Revenue Receivables	400,187	338,640	763,587	1,502,414
Due from Other Funds	0	204,102	0	204,102
Prepaid Expenses	5,000	0	0	5,000
Total Assets	<u>\$2,666,039</u>	<u>\$14,429,241</u>	<u>\$10,962,968</u>	<u>\$28,058,248</u>
<u>Liabilities</u>				
Cash Overdrafts	\$ 0	\$ 0	\$ 2,004,259	\$ 2,004,259
Accounts Payable	102,686	25,093	371,354	499,133
Accrued Expenses	236,463	222,813	659,146	1,118,422
Due to Other Funds	0	0	204,102	204,102
Accrued Payroll	455,951	0	20,973	476,924
Total Liabilities	<u>\$ 795,100</u>	<u>\$ 247,906</u>	<u>\$ 3,259,834</u>	<u>\$ 4,302,840</u>
<u>Fund Balance</u>				
Unreserved	\$1,748,517	\$10,372,335	\$ 7,182,783	\$19,303,635
Reserved for Debt Service	122,422	3,809,000	2,045,498	5,976,920
Deficit	0	0	(1,525,147)	(1,525,147)
Total Fund Balances	<u>\$1,870,939</u>	<u>\$14,181,335</u>	<u>\$ 7,703,134</u>	<u>\$23,755,408</u>
Total Liabilities & Fund Balances	<u>\$2,666,039</u>	<u>\$14,429,241</u>	<u>\$10,962,968</u>	<u>\$28,058,248</u>

See notes to financial statements.

City of Natchitoches, Louisiana
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
May 31, 2011

Total Fund Balances of the Governmental Funds \$ 23,755,408

Amounts reported for Governmental Activities
in the Statement of Net Assets are different because:

Capital Assets used in Governmental Activities are not
current financial resources and, therefore, are not reported
in the Governmental Funds Balance Sheet-

Capital Assets	136,296,215
Less, Accumulated Depreciation	(98,453,085)

Long-term Liabilities are not due and payable in the
current period and, therefore, are not reported
in the Governmental Funds Balance Sheet-

Long-term Debt	(7,177,673)
Net OPEB Obligation	(318,530)
Accrued Compensated Absences	<u>(1,830,985)</u>

Net Assets of Governmental Activities \$ 52,271,350

See notes to financial statements.

City of Natchitoches, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended May 31, 2011

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Sales Tax Fund	Nonmajor Funds	
REVENUES:				
Taxes	\$ 4,936,419	\$ 3,816,058	\$ 3,432,943	\$12,185,420
Licenses & Permits	794,712	0	0	794,712
Intergovernmental	1,098,832	0	2,186,802	3,285,634
Charges for Services	64,901	0	2,671,394	2,736,295
Fines & Forfeits	195,560	0	24,380	219,940
Miscellaneous	<u>242,217</u>	<u>175,698</u>	<u>303,746</u>	<u>721,661</u>
Total Revenues	<u>\$ 7,332,641</u>	<u>\$ 3,991,756</u>	<u>\$ 8,619,265</u>	<u>\$19,943,662</u>
EXPENDITURES:				
Current-				
General Government	\$ 2,778,816	\$ 180,545	\$ 970,597	\$ 3,929,958
Public Safety	7,294,690	0	806,398	8,101,088
Streets & Sanitation	1,358,100	0	2,368,577	3,726,677
Water, Sewer & Utilities	0	149,646	3,246,886	3,396,532
Economic Development	277,057	0	2,467,774	2,744,831
Health & Welfare	204,548	0	9,824	214,372
Recreation & Culture	851,043	0	178,026	1,029,069
Debt Service	<u>49,759</u>	<u>991,213</u>	<u>267,371</u>	<u>1,308,343</u>
Total Expenditures	<u>\$12,814,013</u>	<u>\$ 1,321,404</u>	<u>\$10,315,453</u>	<u>\$24,450,870</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (5,481,372)</u>	<u>\$ 2,670,352</u>	<u>\$ (1,696,188)</u>	<u>\$ (4,507,208)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 6,379,145	\$ 74,835	\$ 3,814,664	\$10,268,644
Operating Transfers Out	(877,636)	(856,653)	(3,036,800)	(4,771,089)
Debt Proceeds	<u>0</u>	<u>0</u>	<u>1,819,627</u>	<u>1,819,627</u>
Total Other Financing	<u>\$ 5,501,509</u>	<u>\$ (781,818)</u>	<u>\$ 2,597,491</u>	<u>\$ 7,317,182</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	<u>\$ 20,137</u>	<u>\$ 1,888,534</u>	<u>\$ 901,303</u>	<u>\$ 2,809,974</u>
Fund Balances-				
Beginning of Year	<u>1,850,802</u>	<u>12,292,801</u>	<u>6,801,831</u>	<u>20,945,434</u>
Fund Balances-				
End of Year	<u>\$ 1,870,939</u>	<u>\$14,181,335</u>	<u>\$ 7,703,134</u>	<u>\$23,755,408</u>

See notes to financial statements.

City of Natchitoches, Louisiana
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of the Governmental Funds
to the Statement of Activities
Year Ended May 31, 2011

Net Change in Fund Balance - Governmental Funds \$ 2,809,974

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 these
assets is allocated over their estimated useful lives as
depreciation expense. The cost of capital assets recorded
in the current period is

4,746,139

Depreciation expense on capital assets is reported in the
Government-wide financial statements, but does not
require the use of current financial resources and is not
reported in the Fund Financial Statements. Current year
depreciation expense is

(1,747,762)

Some revenues reported in the Statement of Activities do
not provide current financial resources and these are not
reported as revenues in governmental funds. Some expenses
reported in the Statement of Activities do not require the use
of current financial resources and, therefore, are not reported as
expenditures in governmental funds. These timing differences
are summarized below:

General Obligation Debt Payments

1,057,398

Net OPEB Obligation

(163,319)

Accrued Compensated Absences

(85,997)

Proceeds of Long-term Debt are shown as revenues in the
Governmental Funds, but the debt increases Long-term
Liabilities in the Statement of Net Assets

(1,819,627)

The net affect of sales transactions involving capital assets
is to decrease net assets

Decrease in Capital Assets

(1,063,099)

Decrease in Accumulated Depreciation

203,135

Change in Net Assets of Governmental Activities

\$ 3,936,842

See notes to financial statements.

City of Natchitoches, Louisiana
Statement of Net Assets
Proprietary Fund
Year Ended May 31, 2011

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
Assets-	
Current Assets-	
Cash & Cash Equivalents	\$ 5,137,503
Receivables	2,678,635
Less, Allowance for Doubtful Accounts	(300,000)
Unbilled Receivables	2,625,244
Inventory at Cost	1,515,364
Prepaid Expenses	131,993
Total Current Assets	<u>\$ 11,788,739</u>
Restricted Assets-	
Cash & Cash Equivalents	\$ 2,405,355
Bond Reserve Accounts	4,328,277
Bond Redemption Accounts	475,058
Customer's Deposit Accounts	<u>7,208,690</u>
Total Restricted Assets	<u>\$ 7,208,690</u>
Noncurrent Assets-	
Land	\$ 758,408
Buildings	1,853,925
Machinery & Equipment	9,835,522
Vehicles	1,284,812
Other Assets	315,231
Construction in Progress	284,963
Electric System	19,773,961
Water System	32,909,933
Sewer System	21,037,203
Less, Accumulated Depreciation	<u>(32,805,621)</u>
Total Noncurrent Assets	<u>\$ 55,248,337</u>
Other Assets-	
Other Receivables	\$ <u>3,954</u>
Total Assets	<u>\$ 74,249,720</u>
Liabilities-	
Current Liabilities-	
Accounts Payable	\$ 1,925,358
Accrued Payroll	150,224
Accrued Expenses	18,019
Accrued Employee Vacations	27,327
Total Current Liabilities	<u>\$ 2,120,928</u>
Liabilities Payable from Restricted Assets-	
Current Portion of Revenue Bonds	\$ 1,032,745
Customer's Deposits	821,488
Total Payable from Restricted Assets	<u>\$ 1,854,233</u>

See notes to financial statements.

Continued next page.

City of Natchitoches, Louisiana
Statement of Net Assets
Proprietary Fund
Year Ended May 31, 2011

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
Noncurrent Liabilities-	
Revenue Bonds Payable	\$ 3,891,442
Net OPEB Obligation	95,124
Accrued Employee Vacations	<u>519,227</u>
Total Noncurrent Liabilities	\$ <u>4,505,793</u>
Total Liabilities	\$ <u>8,480,954</u>
Net Assets-	
Invested in Capital Assets, Net of Related Debt	\$ 50,324,150
Restricted for-	
Revenue Bond Retirement	4,924,187
Unrestricted	<u>10,520,429</u>
Total Net Assets	\$ <u>65,768,766</u>

See notes to financial statements.

City of Natchitoches, Louisiana
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
Year Ended May 31, 2011

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
Operating Revenues:	
Charges for Services-	
Electric	\$30,743,135
Water	3,172,409
Sewer	1,593,028
Miscellaneous-	
Penalties & Charges	482,726
New Account and Reconnect Fees	100,825
Production Credits	600,000
Bad Debt Recovery	2,600
Other	<u>168,241</u>
Total Operating Revenues	<u>\$36,862,964</u>
Operating Expenses:	
Utility Administration-	
Personnel Services	\$ 669,043
Utilities & Telephone	38,418
Supplies	478,952
Maintenance	73,235
Uncollectible Accounts	<u>105,608</u>
Total Administration	<u>\$ 1,365,256</u>
Electric-	
Personnel Services	\$ 1,470,002
Power Purchased	22,478,113
System Maintenance	334,585
Depreciation	565,763
Supplies & Miscellaneous	<u>197,143</u>
Total Electric	<u>\$25,045,606</u>
Water-	
Personnel Services	\$ 512,297
Treatment Expenses	636,439
System Maintenance	310,822
Utilities	237,567
Depreciation	919,905
Supplies & Miscellaneous	<u>47,686</u>
Total Water	<u>\$ 2,664,716</u>

See notes to financial statements.

Continued next page.

City of Natchitoches, Louisiana
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
Year Ended May 31, 2011

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
Sewer-	
Personnel Services	\$ 627,687
Treatment Expenses	154,755
System Maintenance	290,446
Utilities	216,713
Depreciation	600,029
Supplies & Miscellaneous	<u>22,982</u>
Total Sewer	<u>\$ 1,912,612</u>
Information Technology Department-	
Personnel Services	\$ 121,781
Computer Software & Maintenance	151,498
Supplies & Maintenance	<u>25,342</u>
Total Information Technology Department	<u>\$ 298,621</u>
Total Operating Expenses	<u>\$31,286,811</u>
Income from Operations	<u>\$ 5,576,153</u>
Non-operating Revenues (Expenses):	
Interest Income	\$ 158,164
Insurance Recoveries	25,322
Gain (Loss) on Sale of Assets	46,506
Rental Income	73,498
Interest Expense	<u>(248,644)</u>
Total Non-operating Revenues (Expenses)	<u>\$ 54,846</u>
Income Before Contributions and Transfers	<u>\$ 5,630,999</u>
Contributions and Transfers-	
Capital Contributions from Other Funds	\$ 1,047,004
Transfers Out	(6,237,557)
Transfer In	<u>740,000</u>
Total Contributions and Transfers	<u>\$ (4,450,553)</u>
Change in Net Assets	\$ 1,180,446
Net Assets at Beginning of Year	<u>64,588,320</u>
Net Assets at End of Year	<u>\$65,768,766</u>

See notes to financial statements.

City of Natchitoches, Louisiana
Statement of Cash Flows
Proprietary Fund
Year Ended May 31, 2011

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 35,746,511
Cash Received from Customer Deposits	4,482
Cash Payments to Suppliers for Goods and Services	(25,719,613)
Cash Payments to Employees	<u>(3,382,684)</u>
Net Cash Provided by Operating Activities	\$ <u>6,648,696</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Rental Income	\$ 73,498
Transfers to Other Funds	(6,237,557)
Transfers from Other Funds	<u>740,000</u>
Net Cash Used by Non-capital Financing Activities	\$ <u>(5,424,059)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from Sale of Assets	\$ 46,506
Insurance Recoveries	25,322
Acquisition and Construction of Capital Assets	(1,137,767)
Principal Paid on Capital Debt	(1,000,984)
Interest Paid on Capital Debt	(248,644)
Contributed Capital-Governmental Funds	<u>1,047,004</u>
Net Cash Provided by Capital and Related Financing Activities	\$ <u>(1,268,563)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Income	\$ <u>158,164</u>
Net Increase in Cash & Cash Equivalents	\$ 114,238
CASH & CASH EQUIVALENTS:	
Beginning of Year	<u>12,231,955</u>
End of Year	\$ <u>12,346,193</u>

See notes to financial statements.

Continued next page.

City of Natchitoches, Louisiana
Statement of Cash Flows
Proprietary Fund
Year Ended May 31, 2011

Business-Type Activities
Enterprise Fund

RECONCILIATION OF INCOME FROM OPERATIONS
TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Income from Operations	\$ 5,576,153
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ADJUSTMENTS TO RECONCILE INCOME FROM OPERATIONS TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Depreciation	2,085,697
Changes in Assets and Liabilities-	
Increase in Accounts Receivable	(1,114,080)
Decrease in Inventory	140,408
Increase in Prepaid Expenses	(14,057)
Increase in Other Receivables	(2,373)
Decrease in Accounts Payable	(18,108)
Increase in Accrued Payroll	655
Decrease in Accrued Expenses	(27,552)
Decrease in Compensated Absences	(31,292)
Increase in Net OPEB	48,763
Increase in Customer's Deposits	<u>4,482</u>
Net Cash Provided by Operating Activities	<u>\$ 6,648,696</u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the past year, the Enterprise Fund received Capital Assets
with a net value of \$1,047,044 that were purchased and/or constructed
by the Governmental Funds.

RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:

Current Assets-	
Cash and Cash Equivalents	\$ 5,137,503
Restricted Assets-	
Cash and Cash Equivalents	<u>7,208,690</u>
Total Cash and Cash Equivalents	<u>\$12,346,193</u>

See notes to financial statements.

City of Natchitoches, Louisiana
Statement of Fiduciary Net Assets
Agency Fund
Cash Bond Fund
Year Ended May 31, 2011

<u>Assets</u>	
Accounts Receivable	\$ <u>10,895</u>
<u>Liabilities</u>	
Cash Overdraft	\$ 32,451
Cash Bonds Held for Future Disposition	(21,556)
Total Liabilities	\$ <u>10,895</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2011

Introduction

The City of Natchitoches (the City) was founded in 1714 and incorporated in 1822. The City currently operates under a Home Rule Charter adopted on January 27, 1975. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: police and fire protection, streets and drainage, parks and recreation, certain social services, and general administration services. The City owns and operates one enterprise activity, a utilities system which distributes electricity and provides water and sewer services.

1. Summary of Significant Accounting Policies

The financial statements of the City of Natchitoches have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless the pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but 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" establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are described below.

1. A potential component unit must have separate corporate powers that distinguish it as being legally separate from the primary government. These include the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued in its own name without recourse to a state or local government, and the right to buy, sell, lease and mortgage property in its own name.
2. The primary government must be financially accountable for a potential component unit. Financial accountability may exist as a result of the primary government appointing a voting majority of the potential component unit's governing body; their ability to impose their will on the potential component unit by significantly influencing the programs, projects, activities, or level of services performed by or provided by the potential component unit; or the existence of a financial benefit or burden. In addition, financial accountability may also exist as a result of a potential component unit being fiscally dependent on the primary government.

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2011

In some instances, the potential component unit should be included in the reporting entity (even when the criteria in No. 2 above are not met), if exclusion would render the reporting entity's financial statements incomplete or misleading.

Component Units-

Natchitoches City Court and Natchitoches City Marshal-The day-to-day operations of City Court and the City Marshal are funded through the City's General Fund. The activities of these two entities are primarily for City residents. The financial statements of these two agencies are not shown in this report. Individual financial statements for the City Marshal and City Court may be obtained by writing P. O. Box 37, Natchitoches, Louisiana, 71458-0037.

Various other entities operate within the City of Natchitoches, and many of these include "Natchitoches" within their name. These entities are not considered as reportable component units within the City's financial statements since the City does not exercise control over them.

B. Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the primary government. They include all funds of the reporting entity except for fiduciary funds. 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.

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. Major individual governmental funds are reported as separate columns in the fund financial statements.

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2011

Fund Financial Statements

The financial statements of the City of Natchitoches are organized into funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in the individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. Funds are classified into three categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the City are described below:

Governmental Funds-

General Fund

The general fund is the general operating fund of the City. It is used to account for all financial resources except for those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Capital Projects Funds

Capital projects funds are used to account for the acquisition or construction of major capital facilities.

Debt Service Funds

Debt service funds are used to account for accumulation of resources for and payment of general long-term debt principal, interest, and related costs.

City of Natchitoches, Louisiana
Notes to Financial Statements
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Proprietary Fund-

Enterprise Fund

The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Fund-

Agency Funds

Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the Statement of Net Assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets.

Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows, including unbilled water and sewer services. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

City of Natchitoches, Louisiana
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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. Sales taxes are considered as "measurable" when in the hands of the Sales Tax Collector, and are recognized as revenue at that time. Ad Valorem taxes are recognized as revenue in the year for which budgeted, that is, in the year in which such taxes are billed and collected. 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Other major revenues that are considered susceptible to accrual include earned grant revenues, charges for services, and interest earned on investments. Franchise fees, licenses and permits, and court fines are recognized when received because they are not objectively measurable.

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.

The City reports the following major governmental funds:

1. General Fund-To account for resources traditionally associated with governments that are not required to be accounted for in another fund.
2. Sales Tax Capital Projects Fund-To account for the collection and administration of a 1% sales tax levy which is dedicated to water and sewer expenditures and to the payment of the DEQ Bonds issued to construct a new wastewater treatment plant.

D. Budgets and Budgetary Accounting

Annual budgets are adopted and recorded in the accounting records for all governmental type funds. The City follows these procedures in establishing the budgetary data reflected in these financial statements:

1. At least forty-five days prior to the beginning of each fiscal year, the Mayor submits to the City Council a proposed budget in the form required by the City's Charter.
2. At the meeting of the Council at which the operating budget is submitted, the Council orders a public hearing on the budget, and orders the official journal to publish at least ten days prior to such meeting, the time and place thereof, a general summary of the proposed budget, and the times and places where copies of the proposed budget are available for public inspection.
3. Adoption of the budget is required no later than the last regular meeting of the last month of the fiscal year prior to the fiscal year for which the budget pertains.

City of Natchitoches, Louisiana
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4. Formal budgetary integration is employed as a management control tool during the year. Funds in excess of the budgetary amounts cannot be obligated without the Finance Director's approval. Funds in excess of those budgeted for an entire department (or fund) cannot be obligated without the Mayor's approval. These procedures render control at the departmental/fund level.
5. The budget can be amended after adoption, by the Mayor submitting an amended budget to the Council, and the adoption of the amended budget by the Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles as applied to governmental units.

Budget amounts shown in the financial statements are as originally adopted, or as amended with procedures required by the City's Charter.

E. Cash and Cash Investments

The City has deposits in several types of highly liquid investment vehicles such as certificates of deposit. Since all of the City's cash is readily available, these deposits are listed in these statements as "Cash and Cash Equivalents". Under State law, the City may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The City may also purchase investments in securities backed by the full faith and credit of the United States Government.

F. Inventories

Inventories of supplies in the proprietary fund are valued at cost (moving average).

G. Bad Debts

Uncollectible amounts due for customer's utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. Allowance for bad debts at May 31, 2011 was \$300,000, which was not changed from the prior year.

City of Natchitoches, Louisiana
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H. Capital Assets

Capital Assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$5,000 or more for capitalizing capital assets.

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.

All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Sewer System	50 years
Water & Utility	50 years
Buildings & building improvements	40-50 years
Streets & sidewalks	25 years
Furniture & fixtures	5-7 years
Vehicles	5-15 years
Equipment	5-10 years

I. Compensated Absences

Employees of the City earn vacation hours based on the number of years of continuous service. Accrued vacation time is only allowed for full-time employees and not permanent part-time employees. Sick leave shall be accrued by each full-time employee at a rate of 12 days per year. Vacation and sick leave may be accumulated from year to year. Upon termination/retirement, employees are entitled to be paid a maximum of 480 hours of sick leave, 480 hours vacation, and 240 hours of compensatory time. These compensated absences are recorded as a liability in each of the City's funds that have payroll expenditures. An additional 1.45% has also been included for the medicare liability, where applicable.

City of Natchitoches, Louisiana
Notes to Financial Statements
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J. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between the individual funds. These interfund receivables/payables are classified on the balance sheet as "Due from Other Funds" or "Due to Other Funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

K. Interfund Transactions

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both governmental and proprietary funds.

The following is a summary of interfund operating transfers:

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$ 6,379,145	\$ 877,636
Special Revenue Funds-		
Hazard Tax	0	834,420
Sales Tax Police	5,139	1,750,095
Events Center Operations	275,000	0
Airport Operations	125,000	9,207
Drug Recovery	6,359	0
HDDC Projects	85,510	0
LED Brand Identity	3,933	0
Main Street Promotions	83	0
Assistance to Firefighters FY '03	5,500	0
Miss City of Lights	0	196
Miss Merry Christmas	4,646	0
Keep Louisiana Beautiful	422	0
Knock Knock Grant	5,941	0
Retirement Development	0	84
LLEBG	0	6,359
LETPP	123	0
Cane River Green Market	2,000	0
BJA Byrne JAG – Tech Upgrade	4,712	0
BJA Byrne JAG – Police & NPSO	0	5,139
Garbage Service	300,000	0
Employee Benefits	633	0
Liability Insurance	850,000	0
Debt Service General Obligations	179,061	0
Debt Services Sales Tax Bonds	0	74,835

City of Natchitoches, Louisiana
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	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
Capital Projects Funds-		
Capital Projects-Sales Tax	74,835	856,652
Capital Improvements-Special	116,653	27,395
Utility Improvements-CLECO	600,000	0
Ben Johnson Park Phase II	22,231	0
Event Center Parking Lot	201,092	55,969
Virginia Baker Park	83,084	0
Capital Improvements - Streets	600,000	273,100
Hayes Avenue Extension	150,000	0
Riverbank Wall Fund	50,012	0
LCDBG	123,100	0
Sibley Lake Sewage	41	0
Airport Maintenance Projects	9,207	0
Industrial Park Road-Sewer	5,165	0
LCDBG - Housing	17	0
Enterprise Fund-		
Utility	<u>740,000</u>	<u>6,237,557</u>
Totals	<u>\$11,008,644</u>	<u>\$11,008,644</u>

Transfers are primarily used to move funds:

- From the Proprietary Fund to the General Fund so that excess revenues can be used for governmental services.
- From the Proprietary Fund to the Capital Projects Funds to fund expansion of the Utility Fund.
- From the Sales Tax Police Fund to the General Fund to cover cost of police operations.
- From the Hazard Tax Fund to the General Fund to fund cost of police and fire operations.
- From the Capital Projects Sales Tax Fund to the Utility Improvements Cleco Fund for utility improvement projects.
- Other miscellaneous transfers to move operation monies to and from various funds.

L. Prepays

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and for bond payments which are due immediately after the fiscal year end.

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2011

M. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column of the statement of net assets.

In the fund financial statements, governmental fund types recognize debt issued as other financing sources. Repayment of the principal and interest is shown as an expenditure.

N. Restricted Assets

Certain resources of the Utility Fund are classified as restricted assets on the balance sheet because their use is limited by bond ordinances, or because they represent customers' deposits being held by the fund.

O. Fund Equity

Reserves represent those portions of fund equity appropriated for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Q. Bond Issuance Costs

Bond discounts and issuance costs are shown as expenditures in the current period for both governmental and business-type activities.

R. Deferred Revenue

Deferred revenue represents monies received for goods or services not yet provided. The revenue is recognized over time as the goods or services are provided.

S. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2011

2. Ad Valorem Taxes

The City levies taxes on real and business personal property located within the boundaries of the City. Property taxes are levied by the City on property values assessed by the Natchitoches Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Natchitoches Tax Commission bills and collects property taxes for the City. Collections are remitted to the City monthly. The City recognizes property tax revenues when levied.

<u>Property Tax Calendar</u>	
Assessment date	January 1
Levy date	June 30
Tax bills mailed	October 15
Total taxes are due	December 31
Penalties & interest added	January 31
Lien date	January 31
Tax sale	May 15

For the year ended May 31, 2011, taxes of 17.03 mills were levied on property with an assessed valuation totaling \$104,393,320 and were dedicated as follows:

General Corporate Purposes	7.03 mills
Special Taxes	10.00 mills

Total taxes collected were \$1,763,462 after small adjustments were made to the original tax roll. A tax sale was held on May 15, 2011, and most uncollected taxes were collected on that date. Uncollected taxes average less than 2% of total taxes levied, and no provision for uncollectibles is made.

The five largest taxpayers and their assessed valuation are as follows:

<u>Taxpayer</u>	<u>Assessed Value</u>
Alliance Compressors	\$ 7,198,780
Pilgrim's Pride	2,515,610
AT&T Southeast Tax Dept.	1,368,350
Wal-mart Store, Inc.	2,310,630
City Bank	<u>924,830</u>
Total	<u>\$14,318,200</u>

City of Natchitoches, Louisiana
Notes to Financial Statements
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3. Restricted Assets-Proprietary Fund Type

Restricted assets of the Utility Fund were applicable to the following at May 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Bond Reserve Account	\$ 2,405,355	\$ 2,377,228
Customer's Deposit Account	475,058	468,567
Bond Interest & Redemption Account	<u>4,328,277</u>	<u>8,604,488</u>
Total	<u>\$ 7,208,690</u>	<u>\$11,450,283</u>

4. Capital Assets

Capital assets and depreciation activity as of and for the year ended May 31, 2011, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
General Fund-					
Capital Assets; not depreciated-					
Land	\$ 4,872,277	\$ 43,237	\$ 0	\$ 0	\$ 4,915,514
Capital Assets; depreciated-					
Buildings	5,069,823	174,538	0	0	5,244,361
Furniture & Fixtures	29,224	0	0	0	29,224
Machinery & Equipment	2,415,586	135,055	4,550	0	2,546,091
Other Assets	535,558	9,300	4,885	0	539,973
Streets	92,231,425	147,759	0	0	92,379,184
Other Infrastructure	<u>5,649,840</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,649,840</u>
Accumulated Depreciation-					
Buildings	\$ 1,846,039	\$ 129,072	\$ 0	\$ 0	\$ 1,975,111
Furniture & Fixtures	28,653	0	0	0	28,653
Machinery & Equipment	1,768,543	171,106	4,550	0	1,935,099
Vehicles	2,693,546	295,292	198,585	45,000	2,835,253
Other Assets	175,797	48,174	0	0	223,971
Streets	84,035,709	556,854	0	0	84,592,563
Other Infrastructure	<u>4,425,521</u>	<u>114,188</u>	<u>0</u>	<u>0</u>	<u>4,539,709</u>
Total Accumulated Depn.	<u>\$ 94,973,808</u>	<u>\$1,314,686</u>	<u>\$ 203,135</u>	<u>\$45,000</u>	<u>\$ 96,130,359</u>

City of Natchitoches, Louisiana
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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Airport Fund-					
Capital Assets; not depreciated-					
Land	\$ 335,500	\$ 0	\$ 0	\$ 0	\$ 335,500
Capital Assets; depreciated-					
Buildings	1,018,682	0	0	0	1,018,682
Other Infrastructure	2,647,200	0	0	0	2,647,200
Machinery & Equipment	130,514	17,454	0	0	147,968
Furniture & Fixtures	15,103	0	0	0	15,103
Vehicles	<u>22,551</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>22,551</u>
Total Assets	<u>\$ 4,169,550</u>	<u>\$ 17,454</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,187,004</u>
Accumulated Depreciation-					
Buildings	\$ 252,002	\$ 25,467	\$ 0	\$ 0	\$ 277,469
Other Infrastructure	684,072	66,784	0	0	750,856
Machinery & Equipment	50,636	18,057	0	0	68,693
Furniture & Fixtures	1,007	3,021	0	0	4,028
Vehicles	<u>15,239</u>	<u>3,510</u>	<u>0</u>	<u>0</u>	<u>18,749</u>
Total Accumulated Depn.	<u>\$ 1,002,956</u>	<u>\$ 116,839</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,119,795</u>
Convention Center Fund-					
Capital Assets; not depreciated-					
Land	\$ 822,234	\$ 0	\$ 0	\$ 0	\$ 822,234
Capital Assets; depreciated-					
Buildings	8,582,907	0	0	0	8,582,907
Vehicles	22,935	0	0	0	22,935
Machinery & Equipment	232,096	0	0	0	232,096
Furniture & Fixtures	<u>8,947</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,947</u>
Total Assets	<u>\$ 9,669,119</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,669,119</u>
Accumulated Depreciation-					
Buildings	\$ 724,190	\$ 216,574	\$ 0	\$ 0	\$ 940,764
Vehicles	22,935	0	0	0	22,935
Machinery & Equipment	133,307	43,286	0	0	176,593
Furniture & Fixtures	<u>6,262</u>	<u>1,789</u>	<u>0</u>	<u>0</u>	<u>8,051</u>
Total Accumulated Depn.	<u>\$ 886,694</u>	<u>\$ 261,649</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,148,343</u>
Sabine Bank/Industrial Park/Pilgrim's-					
Capital Assets; not depreciated-					
Land	\$ 757,989	\$ 0	\$ 0	\$ 0	\$ 757,989
Capital Assets; depreciated-					
Other Infrastructure	<u>1,091,762</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,091,762</u>
Total Assets	<u>\$ 1,849,751</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,849,751</u>
Accumulated Depreciation-					
Other Infrastructure	<u>\$ 0</u>	<u>\$ 54,588</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 54,588</u>
Total Accumulated Depn.	<u>\$ 0</u>	<u>\$ 54,588</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 54,588</u>

City of Natchitoches, Louisiana
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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
LCDBG Sewer Lift Station- Construction in Progress	\$ <u>667,788</u>	\$ <u>0</u>	\$ <u>667,788</u>	\$ <u>0</u>	\$ <u>0</u>
Ben Johnson Park- Construction in Progress	\$ <u>54,303</u>	\$ <u>120,235</u>	\$ <u>174,538</u>	\$ <u>0</u>	\$ <u>0</u>
Events Center Parking Lot- Construction in Progress	\$ <u>627,635</u>	\$ <u>176,410</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>804,045</u>
Rehab Water Treatment Plant- Construction in Progress	\$ <u>517,907</u>	\$ <u>2,062,922</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>2,580,829</u>
Sewer System Upgrade- Construction in Progress	\$ <u>77,367</u>	\$ <u>670,530</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>747,897</u>
Virginia Baker Park- Construction in Progress	\$ <u>0</u>	\$ <u>210,176</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>210,176</u>
Central Fire Station Improvements- Construction in Progress	\$ <u>0</u>	\$ <u>72,964</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>72,964</u>
Airport Hangar- Construction in Progress	\$ <u>0</u>	\$ <u>28,000</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>28,000</u>
Fire Station Improvements Construction in Progress	\$ <u>0</u>	\$ <u>11,000</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>11,000</u>
Airport Taxiway & Apron- Construction in Progress	\$ <u>0</u>	\$ <u>569,745</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>569,745</u>
Hotel Land Development Construction in Progress	\$ <u>0</u>	\$ <u>54,849</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>54,849</u>
Total Assets-Governmental Funds	\$ <u>132,568,175</u>	\$ <u>4,746,139</u>	\$ <u>1,063,099</u>	\$ <u>45,000</u>	\$ <u>136,296,215</u>
Total Accumulated Depn.	\$ <u>96,863,458</u>	\$ <u>1,747,762</u>	\$ <u>203,135</u>	\$ <u>45,000</u>	\$ <u>98,453,085</u>
Total Nets Assets	\$ <u>35,704,717</u>	\$ <u>2,998,377</u>	\$ <u>859,964</u>	\$ <u>0</u>	\$ <u>37,843,130</u>

City of Natchitoches, Louisiana
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Depreciation expense of \$1,747,762 for the year ended May 31, 2011, was charged to the following governmental functions:

General Fund-	
Finance Department	\$ 55,792
Community Development Department	26,058
Planning & Zoning Department	4,755
Fire Department	137,347
Recreation Department	150,056
Public Works Department	754,958
Purchasing Department	10,532
Police Department	175,189
Airport Fund	116,839
Convention Center	261,648
Industrial Park South	<u>54,588</u>
Total	<u>\$1,747,762</u>

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
Utility Fund-					
Capital Assets; not depreciated-					
Land	\$ 718,408	\$ 40,000	\$ 0	\$ 0	\$ 758,408
Construction in Progress	0	284,963	0	0	284,963
Capital Assets; depreciated-					
Buildings	1,853,925	0	0	0	1,853,925
Furniture & Fixtures	315,231	0	0	0	315,231
Machinery & Equipment	9,830,022	9,000	3,500	0	9,835,522
Vehicles	1,369,757	12,055	52,000	(45,000)	1,284,812
Electric System	19,727,101	46,860	0	0	19,773,961
Water System	32,909,933	0	0	0	32,909,933
Sewer System	<u>20,292,314</u>	<u>744,889</u>	<u>0</u>	<u>0</u>	<u>21,037,203</u>
Total Assets	<u>\$87,016,691</u>	<u>\$1,137,767</u>	<u>\$55,500</u>	<u>\$(45,000)</u>	<u>\$88,053,958</u>
Accumulated Depreciation-					
Buildings	\$ 675,675	\$ 37,079	\$ 0	\$ 0	\$ 712,754
Furniture & Fixtures	315,231	0	0	0	315,231
Machinery & Equipment	8,003,645	491,951	3,500	0	8,492,096
Vehicles	1,299,564	82,246	52,000	(45,000)	1,284,810
Electric System	5,495,352	395,479	0	0	5,890,831
Water System	9,297,874	658,198	0	0	9,956,072
Sewer System	<u>5,733,083</u>	<u>420,744</u>	<u>0</u>	<u>0</u>	<u>6,153,827</u>
Total Accumulated Depn	<u>\$30,820,424</u>	<u>\$2,085,697</u>	<u>\$55,500</u>	<u>\$(45,000)</u>	<u>\$32,805,621</u>
Total Net Assets	<u>\$56,196,267</u>	<u>\$ (947,930)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$55,248,337</u>

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Depreciation expense of \$2,085,697 for the year ended May 31, 2011, was charged to the following business-type functions:

Electric System	\$ 565,763
Water System	919,905
Sewer System	<u>600,029</u>
Total Utility Fund	<u>\$2,085,697</u>

5. Long-Term Debt

General Obligation-At May 31, 2011, the City had the following outstanding general obligation bond issues:

- 1) Bonds payable to the Louisiana Department of Environmental Quality. Series 2002 bonds are also referred to as DHH/DEQ #6. The bonds were being issued to help with the construction of a new water treatment plant. Total bond proceeds were \$2,999,000. These bonds are to be repaid from the Sales Tax Capital Projects Fund.
- 2) Series 2003 Bonds also referred to as the Sales Tax Refunding Bonds, in the amount of \$5,630,000 were issued during the year ended May 31, 2004, to refund various bond issues that were outstanding at the beginning of the year. These bonds are to be repaid from the Sales Tax Capital Projects Fund.
- 3) Series 2003 Certificate of Indebtedness in the amount of \$2,090,000 was issued during the year ended May 31, 2004, to refund \$590,000 in outstanding bonds and to provide new funds in the amount of \$1,500,000. The \$590,000 in refunded bonds was for the Police Department, and \$590,000 of the new debt issue is to be paid from the Sales Tax Police Fund. The remaining \$1,500,000 is to be used to purchase various equipment items for the City, and is to be repaid from excess funds from any source. The City expects to pay this debt with transfers from the Utility Fund.
- 4) Capital lease with Oshkosh Capital for the purchase of three fire trucks. The original lease was for \$677,384 and lease payments began on October 29, 2008. The lease is to be repaid from the Hazard Tax Fund.
- 5) Capital lease with Scott Financial for the purchase of an excavator. This lease was entered into on February 25, 2009, and was originally for \$106,700. The lease is to be repaid from the General Fund.
- 6) Capital lease with Komatsu Financial for the purchase of an excavator. This lease was entered into on November 14, 2008, and was originally for \$114,775. The lease is to be repaid from the General Fund.
- 7) Capital lease with Ascent Aviation was entered into in July 2007, for the purchase of a 1989 Ford refueler vehicle for \$17,551. This lease is to be repaid from the Airport Fund and was paid in full as of May 31, 2011.

City of Natchitoches, Louisiana
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- 8) Series 2009 Bonds, also referred to as the Safe Drinking Water Revolving Loan Fund, in the amount of \$5,000,000 were authorized during the year ended May 31, 2010 to fund the rehabilitation of Water Treatment Plant #1. As of May 31, 2011, total bond proceeds were \$2,244,012, of which \$284,673 are American Recovery and Reinvestment Act (ARRA) funds. These bonds are to be repaid from the Utility Fund.

Revenue Bonds-The City has issued several series of bonds for improvements to the utility system, and also to refund other bond issues. All of these debt issues are secured by the revenues of the Utility Fund, and are being reported within that fund. These revenue bond issues are:

- 1) 1993 Series A, DEQ Loan #3.
- 2) Series 2003 A Bonds.
- 3) Series 2003 B Bonds.
- 4) 1999 Revenue, DEQ Loan #5.

General Obligations and Revenue Bonds Outstanding at May 31, 2011, are as follows:

<u>Issue</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rates</u>	<u>Balance Outstanding</u>
General Obligation-				
DEQ #6	08-15-02	01-01-23	3.95%	\$ 2,414,000
Series 2003 Refunding	08-13-03	07-01-14	3.00%	1,395,000
Series 2003 C of I	08-13-03	08-01-13	3.00%	500,000
Oshkosh Capital	12-12-07	10-29-17	1.75%	502,239
Scott Financial	02-25-09	02-25-09	5.84%	62,528
Komatsu Financial	12-14-08	11-14-13	3.50%	59,894
Series 2009 Revolving	12-12-09	12-01-30	2.95%	<u>2,244,012</u>
Total General Obligation Debt				<u>\$ 7,177,673</u>
Revenue Bonds-				
1993 Series A, DEQ #3	06-01-99	12-01-13	2.95%	\$ 869,187
Series 2003 A	08-13-04	12-01-22	4.00%	1,420,000
Series 2003 B	08-13-04	12-01-22	4.00%	1,800,000
1999 Revenue, DEQ #5	07-20-99	07-20-19	3.45%	<u>835,000</u>
Total Revenue Bonds				<u>\$ 4,924,187</u>
Total General Obligation and Revenue Bonds Payable				<u>\$12,101,860</u>

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The annual debt service requirements to maturity of all long-term debt outstanding at May 31, 2011, excluding interest payments of \$2,452,412 are as follows:

Year Ending <u>May 31</u>	General <u>Obligation</u>	Revenue <u>Bonds</u>	<u>Total</u>
2012	\$1,171,408	\$1,032,745	\$2,204,153
2013	996,224	1,064,672	2,060,896
2014	806,547	1,101,770	1,908,317
2015	344,228	195,000	539,228
2016	357,637	200,000	557,637
2017	372,317	210,000	582,317
2018	386,279	220,000	606,279
Thereafter	<u>2,743,033</u>	<u>900,000</u>	<u>3,643,033</u>
Total	<u>\$7,177,673</u>	<u>\$4,924,186</u>	<u>\$12,101,860</u>

The following is a summary of changes in long-term debt for the year ended May 31, 2011:

	Balance <u>06-01-10</u>	<u>Additions</u>	<u>Reduction</u>	Balance <u>05-31-11</u>
General Obligation	\$ 6,415,444	\$1,819,627	\$1,057,398	\$ 7,177,673
Revenue Bonds	5,925,171	0	1,000,985	4,924,186
Compensated Absences	<u>2,322,834</u>	<u>54,705</u>	<u>0</u>	<u>2,377,539</u>
Total	<u>\$14,663,449</u>	<u>\$1,874,332</u>	<u>\$2,058,383</u>	<u>\$14,479,398</u>

6. Dedication of Proceeds and Flow of Funds-Sales and Use Tax

The City of Natchitoches levies two 1%, and one .5% sales and use tax. One of the 1% sales and use tax levies is dedicated to the General Fund, to be used as operating monies. Collections for 2011 were \$3,816,058. The .5% levy is dedicated to the Police Department. Collections for 2011 were \$1,908,029.

Proceeds of the other 1% tax are dedicated to the following purposes:

1. To pay the reasonable cost of the collection and administration of the tax.
2. To pay DEQ advances and to pay interest and principal on sales tax bonds to be issued to finance sewer construction.

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3. Any excess after the above payments are made is dedicated and can be used for any one or more of the following: construction, extending, maintaining, and improving sewers and sewerage disposal works and waterworks facilities and purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works.

7. Flow of Funds, Restriction on Use-Enterprise Fund

Under the terms of the bond indentures relating to Utility Revenue Bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operations of the Utility System are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special accounts:

1. Out of revenue, to the "Operations and Maintenance Account", an amount sufficient to provide for expenses of the system.
2. Each month, there should be set aside into an account called the "Sinking Fund", an amount constituting 1/12 of the next maturing yearly installment principal payment, and 1/6 of the next six month interest payment. These funds can only be used for payment of bond principal and interest.
3. There should also be set aside into a "Bond Reserve Account", an amount equal to 20% of the principal and interest payments required during the current fiscal year until there shall have been accumulated in the Reserve Account an amount equal to the maximum principal and interest requirements in any one maturity year. These monies may be used only for the payment of maturing bonds and interest for which sufficient funds are not on deposit in the "Bond and Interest Redemption Account".
4. Funds must also be set aside into a "Contingency Account" at the rate of 7% of the adjusted income of the Utility Fund. Money in this account may also be used to pay principal and interest on the bonds falling due at a time when there is not sufficient money for payment in the other bond funds. This fund can be used for major repairs to the system. The amount in the account should not be reduced below \$15,000. No payment is required to be made into this fund anytime the balance equals or exceeds \$1,000,000.
5. All of the revenue received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful purpose.

8. Employment Retirement Systems

Substantially all employees of the City of Natchitoches 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 cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

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A. Municipal Employees Retirement System of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials who were serving on January 1, 1997, are eligible to participate in the System. Those serving after January 1, 1997, with the exception of the mayor, are not eligible to participate in the System. For municipalities that joined the System prior to May 9, 2001, the mayors are required to be members of the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, or at any age with at least 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final compensations for each year of creditable service.

"Final compensation" for a member whose first employment making him eligible for membership in the system began on or before June 30, 2008, means a member's average monthly earnings during the highest paid thirty-six consecutive months or joined months if service was interrupted. However, the earnings to be considered for the thirteenth through the twenty-fourth month may not exceed one hundred and twenty-five percent of the earnings for the first through the twelfth month and the earnings to be considered for the final twelve months may not exceed one hundred and twenty-five percent of the earnings of the thirteenth through the twenty-fourth month.

"Final compensation" for a member whose first employment making him eligible for membership in the system began on or after July 1, 2008, means a member's average monthly earnings during the highest paid sixty consecutive months or joined months if service was interrupted. However, the earnings to be considered for the thirteenth through the twenty-fourth month may not exceed one hundred and twenty-five percent of the earnings for the first through the twelfth months. The earnings to be considered for the twenty-fifth through the thirty-sixth month may not exceed one hundred twenty-five percent of the earnings for the thirteenth through the twenty-fourth months. The earnings for the thirty-seventh through the forty-eighth month may not exceed one hundred and twenty-five percent of the earnings of the twenty-fifth through the thirty-sixth months. The earnings for the forty-ninth through the sixtieth months may not exceed one hundred twenty-five percent of the earnings for the thirty-seventh through the forty-eighth months.

Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

City of Natchitoches, Louisiana
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The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary and the City of Natchitoches is required to contribute at an actuarially determined rate. The current rate is 14.25 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City of Natchitoches are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Natchitoches' contributions to the System under Plan A for the years ending May 31, 2011, 2010 and 2009, were \$718,647, \$689,506, and \$669,963, respectively, equal to the required contributions for each year.

B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire with 25 years or more at any age, at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.50 percent of their annual covered salary and the City of Natchitoches is required to contribute at an actuarially determined rate. The current rate is 25.0 percent of annual covered payroll. The contribution requirements of plan members and the City of Natchitoches are established and may be amended by state statute. As

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provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Natchitoches' contributions to the System for the years ending May 31, 2011, 2010, and 2009, were \$560,822, \$227,677, and \$182,666, respectively, equal to the required contributions for each year.

C. Firefighters Retirement System of Louisiana

Plan Description. Membership in the Louisiana Firefighters Retirement System is 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. Employees are eligible to retire with 25 years or more at any age, at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service.

Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters Retirement System, Post Office Box 95095, Baton Rouge, Louisiana 70804, or by calling (504) 925-4060.

Funding Policy. Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 21.5 percent of annual covered payroll. The contribution requirements of plan members and the City of Natchitoches are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Natchitoches' contributions to the System for the years ending May 31, 2011, 2010, and 2009, were \$408,521, \$251,474, and \$191,670, respectively, equal to the required contributions for each year.

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9. Pending Litigation/Contingencies

Various lawsuits are presently pending against the City of Natchitoches. In all but three of the cases where damages are being sought from the City, attorneys for the City are of the opinion that any judgments rendered in favor of the plaintiffs or payments resulting from compromise settlements, if any, will be within the limits of the various insurance coverages carried by the City. The three cases where the City could have exposure at May 31, 2011 follow:

1. A possible class action suit in which a class of persons has alleged the City failed to properly fund the firefighters' retirement system. The City's monetary exposure to this suit, if any, is not known.
2. An assertion, of which no suit has been filed as of May 31, 2011, of a claim for wages and benefits. This assertion has not progressed to the point in which monetary value can be estimated.
3. A suit in which a former employee has alleged wrongful discharge from employment. The City's monetary exposure to this suit, if any, is not known.

10. Cash and Investments

Cash and investments are held separately by each of the City's funds. At May 31, 2011, cash and investments totaled \$36,656,215 (book balances), including \$3,715 cash on hand. Bank account and investment balances at May 31, 2011, totaled \$37,970,851, and of this amount \$4,836,753 was secured by government securities. The remaining amount was secured as follows: \$1,483,193 with FDIC insurance and \$31,651,905 with pledged securities.

Under Louisiana law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging bank in a holding or custodial bank in the form of safekeeping receipts held by the City.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, LA R.S. 39:1229 imposes a statutory requirement on 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.

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11. Compensation of City Councilmen

A detail of compensation paid to individual council members for the year ended May 31, 2011 follows:

Don Mims	\$10,200
Jack McCain, Jr.	7,800
Larry Payne	7,800
Sylvia Morrow	7,800
Dale A. Nielsen	<u>7,800</u>
Total	<u>\$41,400</u>

12. Lease Agreements

The City of Natchitoches has entered into the following long-term lease agreements:

- 1) Waterworks District Number 1 of Natchitoches Parish for a period of fifty years from 1980. This District was originally created to construct a water source, and furnish water to residents of Ward One of Natchitoches Parish, including those residents living within the City's boundaries. The agreement provides that the City operate the water system, including billing the consumers and collecting for services, furnishing all labor, materials, and equipment to operate and maintain the system. The agreement calls for the City to lease the water system from the Water District for an annual payment of \$3,600. The Waterworks District retains control of and responsibility for the water source.
- 2) Cold Water Properties, LLC for a period of five years beginning May 1, 2010. The agreement provides that Cold Water Properties, LLC will lease lot 20 of the airport for \$4,800 per year. At the end of the five year term, the lessee will have an option to extend the lease an additional five years.

13. Receivables

The following is a summary of receivables at May 31, 2011:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Proprietary Funds</u>
Tax, Licenses & Permits-				
Sales & Use Tax	\$366,924	\$169,319	\$421,535	\$ 0
Intergovernmental-				
Federal	0	0	87,229	0
State	0	0	47,015	0
Local	31,628	11,250	0	0
Other Receivables	<u>1,635</u>	<u>365,879</u>	<u>0</u>	<u>5,007,833</u>
Total	<u>\$400,187</u>	<u>\$546,448</u>	<u>\$555,779</u>	<u>\$5,007,833</u>

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All receivables for the governmental funds are considered to be collectible, and no allowance for bad debt is used. Allowance for bad debts for the proprietary funds is \$300,000.

14. Accounts, Salaries, and Other Payables

A summary of payables at May 31, 2011, is as follows:

<u>Class of Payables</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Proprietary Funds</u>
Accounts Payable	\$102,686	\$243,239	\$153,208	\$1,925,358
Accrued Payroll	455,951	20,973	0	150,224
Accrued Expenses	<u>236,463</u>	<u>112,186</u>	<u>769,773</u>	<u>18,019</u>
Total	<u>\$795,100</u>	<u>\$376,398</u>	<u>\$922,981</u>	<u>\$2,093,601</u>

15. Fund Deficits

The following individual funds have deficits in unreserved fund balances at May 31, 2011:

<u>Fund</u>	<u>Deficit Amount</u>
Special Revenue Funds-	
Airport Operations	\$ 257,441
Employee Benefits	177,065
Multi-Drug Task Force	4,282
Knock-Knock Grant	268
NHDDC Projects	17,031
Garbage Service	400,256
The Rapides Foundation	459
Byrne JAG – Police & NPSO	5,139
Capital Projects Funds-	
Pilgrim's Industrial Park	580,994
Riverbank Wall	37,874
LCDBG Fund	15,823
Virginia Baker Park	2,092
Airport Maintenance	22,866
LCDBG Housing Fund	57
EECBG Fund	<u>3,500</u>
Total	<u>\$1,525,147</u>

Special Revenue Funds – These deficits will be funded by transfers from other funds in future years.

Capital Projects Funds – These deficits are caused by ongoing construction and will be funded in the next fiscal year by grant revenues and by transfers from other funds. The Garbage Service Fund deficit will be recouped in small increments over the life of the five-year contract.

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In addition to deficit fund balances, the City has various funds which have cash overdrafts. Of the total cash deficits of \$2,036,710, \$448,783 will be funded by the receipt of revenue receivables and the remaining \$1,587,927 will be funded by interfund transfers in future years.

16. Postemployment Benefits

Plan Description. The City of Natchitoches' medical benefits are provided through a self-insured comprehensive medical plan and are made available to employees upon actual retirement.

The employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service. Complete plan provisions are included in the official plan documents.

Contribution Rates. Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Funding Policy. Until 2009, the City of Natchitoches recognized the cost of providing post-employment medical benefits (the City of Natchitoches' portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. Effective with the Fiscal Year beginning June 1, 2009, the City of Natchitoches implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45). The funding policy is not to fund the ARC except to the extent of the current year's retiree funding costs.

In Fiscal Year Ending May 31, 2011, the City of Natchitoches's portion of health care funding cost for retired employees totaled \$151,609. These amounts were applied toward the Net OPEB Benefit Obligation as shown in the table on the following page.

Annual Required Contribution. The City of Natchitoches' Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning June 1, 2010 is \$367,305, as set forth below:

	<u>Medical</u>		
	<u>Governmental</u>	<u>Business-Type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Normal Cost	\$121,722	\$36,359	\$158,081
30-year UAL amortization amount	<u>161,102</u>	<u>48,122</u>	<u>209,224</u>
Annual required contribution (ARC)	<u>\$282,824</u>	<u>\$84,481</u>	<u>\$367,305</u>

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Net Post-employment Benefit Obligation (Asset). The table below shows the City of Natchitoches' Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ending May 31, 2011:

	Governmental	<u>Medical</u> Business-Type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Beginning Net OPEB			
Obligation (Asset) 6/1/2010	\$ 155,211	\$ 46,341	\$ 201,552
Annual required contribution	282,824	84,481	367,305
Interest on Net OPEB			
Obligation (Asset)	6,209	1,854	8,063
ARC Adjustment	8,976	2,681	11,657
OPEB Cost	\$ 280,057	\$ 83,654	\$ 363,711
Contribution	0	0	0
Current year retiree premium	(116,738)	(34,871)	(151,609)
Change in Net OPEB Obligation	\$ 163,319	\$ 48,783	\$ 212,102
Ending Net OPEB Obligation			
(Asset) 5/31/2011	\$ 318,530	\$ 95,124	\$ 413,654

The following table shows the City of Natchitoches' annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability (asset):

Post Employment <u>Benefit</u>	<u>Fiscal Year Ended</u>	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation (Asset)
Medical	May 31, 2011	\$363,711	41.68%	\$413,654

Funded Status and Funding Progress. In the fiscal year ending May 31, 2011, the City of Natchitoches made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of May 31, 2011, the end of the fiscal year, the Actuarial Accrued Liability (AAL) was \$3,762,695, which is defined as that portion, as determined by a particular actuarial cost method (the City of Natchitoches uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year 2010/2011, the entire actuarial accrued liability of \$3,762,695 was unfunded.

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	<u>Medical</u>
Actuarial Accrued Liability (AAL)	\$3,762,695
Actuarial Value of Plan Assets	0
Unfunded Act. Accrued Liability (UAAL)	<u>3,762,695</u>
Funded Ratio (Act. Val. Assets/AAL)	0%
Covered Payroll (active plan members)	\$9,680,875
UAAL as a percentage of covered payroll	38.90%

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City of Natchitoches and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City of Natchitoches and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City of Natchitoches and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method. The ARC is determined using the Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Actuarial Value of Plan Assets. Since the OPEB obligation has not as yet been funded, there are not any assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board Actuarial Standards of Practice Number 6 (ASOP 6), as provided in paragraph number 125 of GASB Statement 45.

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2011

Turnover Rate. An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 11%. The rates for each age are below:

<u>Age</u>	<u>Percent Turnover</u>
18 - 25	20.0%
26 - 40	12.0%
41 - 54	8.0%
55+	6.0%

Post employment Benefit Plan Eligibility Requirements. Based on past experience and retirement patterns, it has been assumed that entitlement to employer-paid retiree medical benefits will commence three years after D.R.O.P. entry, as described above under "Plan Description" (representing the three years in D.R.O.P.). Medical benefits are provided to employees upon actual retirement. The employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service.

Investment Return Assumption (Discount Rate). GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation. This is a conservative estimate of the expected long term return of a balanced and conservative investment portfolio under professional management.

Health Care Cost Trend Rate. The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration (www.cms.hhs.gov). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

Mortality Rate. The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is the mortality table which the Internal Revenue Service requires to be used in determining the value of accrued benefits in defined benefit pension plans. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described above to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance.

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2011

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The medical rates provided are "blended" rates for active and retired before Medicare eligibility, so we have estimated the "unblended" rates for retirees before Medicare as 130% of the blended rate, as required by GASB 45 for valuation purposes. The employer pays the blended rate for the retiree portion of the coverage (not dependents) for retirees until Medicare eligibility. Coverage ceases upon Medicare eligibility at age 65.

17. Taxable Revenue Bonds

The City, for the year ended May 31, 2006, authorized the issuance of revenue bonds, not to exceed \$25,000,000, to provide financial assistance to Pilgrim's Pride, a private sector entity for the acquisition of land and construction of a feed mill. The bonds are secured by the property financed and commercial facilities built and are payable solely by the entity, Pilgrim's Pride Corporation. Upon repayment of the bonds, ownership of the property and facilities transfer to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At May 31, 2008, the taxable revenue bonds, not to exceed \$25,000,000 had been issued and bear an interest rate of 4%. The full amount of the principal (\$25,000,000) is due December 15, 2021. Therefore, the outstanding principal balance at May 31, 2011, is \$25,000,000.

18. On-Behalf Payments

Certain City employees of the City Police Department, City Fire Department and the City Marshal's Office receive supplemental pay from the State. In accordance with GASB Statement No. 24, the City has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$511,725 and the related expenditures are as follows:

City Marshal's Office	\$ 18,000
City Police Department	276,407
City Fire Department	256,882
Total	<u>\$551,289</u>

19. Subsequent Events:

Management has evaluated events through November 14, 2011, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

REQUIRED SUPPLEMENTAL INFORMATION

City of Natchitoches, Louisiana
Major Funds

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (GAAP Basis) and Actual
Year Ended May 31, 2011

	<u>Budgeted Amounts</u>		2011	Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Taxes	\$ 4,744,000	\$ 4,744,000	\$ 4,936,419	\$ 192,419
Licenses & Permits	755,400	755,400	794,712	39,312
Intergovernmental	573,131	573,131	1,098,832	525,701
Charges for Services	65,100	65,100	64,901	(199)
Fines & Forfeits	164,000	164,000	195,560	31,560
Miscellaneous	<u>208,000</u>	<u>208,000</u>	<u>242,217</u>	<u>34,217</u>
Total Revenues	<u>\$ 6,509,631</u>	<u>\$ 6,509,631</u>	<u>\$ 7,332,641</u>	<u>\$ 823,010</u>
EXPENDITURES:				
Current-				
General Government	\$ 3,000,764	\$ 2,954,764	\$ 2,778,816	\$ 175,948
Public Safety	6,587,371	6,589,871	7,294,690	(704,819)
Streets & Sanitation	1,365,153	1,365,153	1,358,100	7,053
Health & Welfare	223,932	221,432	204,548	16,884
Recreation & Culture	868,791	868,791	851,043	17,748
Debt Service	49,770	49,770	49,759	11
Economic Development	<u>313,545</u>	<u>359,545</u>	<u>277,057</u>	<u>82,488</u>
Total Expenditures	<u>\$12,409,326</u>	<u>\$12,409,326</u>	<u>\$12,814,013</u>	<u>\$ (404,687)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (5,899,695)</u>	<u>\$ (5,899,695)</u>	<u>\$ (5,481,372)</u>	<u>\$ 418,323</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	6,654,145	\$ 6,654,145	\$ 6,379,145	\$(275,000)
Operating Transfers Out	(754,450)	(754,450)	(877,636)	(123,186)
Debt Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing	<u>\$ 5,899,695</u>	<u>\$ 5,899,695</u>	<u>\$ 5,501,509</u>	<u>\$ (398,186)</u>
Excess (Deficiency) of Revenues and Other Sources over Expen- ditures and Other Uses	\$ 0	\$ 0	\$ 20,137	\$ 20,137
Fund Balance-Beginning of Year	<u>1,850,802</u>	<u>1,850,802</u>	<u>1,850,802</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 1,850,802</u>	<u>\$ 1,850,802</u>	<u>\$ 1,870,939</u>	<u>\$ 20,137</u>

See notes to financial statements.

City of Natchitoches, Louisiana
Major Funds

General Fund
Statement of Revenues-
Budget (GAAP Basis) and Actual
Year Ended May 31, 2011

	<u>Budgeted Amounts</u>		2011	Variance-
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUES:				
Taxes-				
Cable TV Franchise	\$ 235,000	\$ 235,000	\$ 227,618	\$ (7,382)
Atmos Franchise	195,000	195,000	154,819	(40,181)
Sales & Use Tax	3,589,000	3,589,000	3,816,058	227,058
Ad Valorem Taxes	<u>725,000</u>	<u>725,000</u>	<u>737,924</u>	<u>12,924</u>
Total Taxes	<u>\$4,744,000</u>	<u>\$4,744,000</u>	<u>\$4,936,419</u>	<u>\$192,419</u>
Licenses & Permits-				
Insurance Licenses	\$ 230,000	\$ 230,000	\$ 238,252	\$ 8,252
Liquor Licenses	20,000	20,000	17,790	(2,210)
Occupational Licenses	430,000	430,000	451,533	21,533
Building Permits	75,000	75,000	86,812	11,812
Mobile Home Permits	200	200	200	0
Street Breaking Permits	<u>200</u>	<u>200</u>	<u>125</u>	<u>(75)</u>
Total Licenses & Permits	<u>\$ 755,400</u>	<u>\$ 755,400</u>	<u>\$ 794,712</u>	<u>\$ 39,312</u>
Intergovernmental-				
Beer Taxes	\$ 30,000	\$ 30,000	\$ 31,752	\$ 1,752
Payments in Lieu of Taxes	70,000	70,000	88,432	18,432
Housing Authority	10,000	10,000	0	(10,000)
Main Street Program-DOTD	27,000	27,000	29,280	2,280
Fire Insurance Tax	60,000	60,000	60,607	607
School Board-Crossing Guards	55,000	55,000	64,074	9,074
NHDDC	47,000	47,000	47,000	0
Police Jury	3,131	3,131	3,131	0
Wage Reimbursement	265,000	265,000	204,259	(60,741)
City Court	6,000	6,000	6,000	0
Local Grant - Miscellaneous	0	0	13,008	13,008
State Supplemental Pay	<u>0</u>	<u>0</u>	<u>551,289</u>	<u>551,289</u>
Total Intergovernmental	<u>\$ 573,131</u>	<u>\$ 573,131</u>	<u>\$1,098,832</u>	<u>\$525,701</u>

See notes to financial statements.

Continued next page.

City of Natchitoches, Louisiana
Major Funds

General Fund
Statement of Revenues-
Budget (GAAP Basis) and Actual
Year Ended May 31, 2011

	<u>Budgeted Amounts</u>		2011	Variance- Favorable
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Charges for Services-				
Animal Shelter	\$ 10,000	\$ 10,000	\$ 2,505	\$ (7,495)
Recreation Department	31,700	31,700	42,381	10,681
Police Fees	9,900	9,900	11,270	1,370
Demolition/Grass Cutting	11,000	11,000	6,914	(4,086)
Rezoning	2,500	2,500	1,831	(669)
Total Charges for Services	<u>\$ 65,100</u>	<u>\$ 65,100</u>	<u>\$ 64,901</u>	<u>\$ (199)</u>
Fines & Forfeits-				
Warrant Bond Fee	\$ 40,000	\$ 40,000	\$ 47,505	\$ 7,505
Court Costs	9,000	9,000	11,434	2,434
Court Fines	80,000	80,000	102,903	22,903
Marshal's Office	35,000	35,000	33,718	(1,282)
Total Fines & Forfeits	<u>\$ 164,000</u>	<u>\$ 164,000</u>	<u>\$ 195,560</u>	<u>\$ 31,560</u>
Miscellaneous-				
Insurance Recovery	\$ 1,000	\$ 1,000	\$ 2,199	\$ 1,199
Workman's Comp. Recovery	5,000	5,000	6,063	1,063
Interest Income	150,000	150,000	184,451	34,451
Rent Income	19,500	19,500	11,360	(8,140)
Sales of Surplus	10,000	10,000	8,026	(1,974)
Gain on Investments	0	0	1,549	1,549
Other	22,500	22,500	28,569	6,069
Total Miscellaneous	<u>\$ 208,000</u>	<u>\$ 208,000</u>	<u>\$ 242,217</u>	<u>\$ 34,217</u>
TOTAL REVENUES	<u>\$6,509,631</u>	<u>\$6,509,631</u>	<u>\$7,332,641</u>	<u>\$823,010</u>

See notes to financial statements.

City of Natchitoches, Louisiana
Major Funds

General Fund
Statement of Expenditures-
Budget (GAAP Basis) and Actual
Year Ended May 31, 2011

	<u>Budgeted Amounts</u>		<u>2011</u>	<u>Variance-</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
GENERAL GOVERNMENT:				
City Hall-				
Personnel Cost	\$ 419,415	\$ 401,415	\$ 404,884	\$ (3,469)
Supplies & Postage	34,000	34,500	27,334	7,166
Maintenance	9,050	8,550	7,818	732
Mayor's Expense	8,000	8,000	7,473	527
Fuel, Travel & Auto	12,500	12,500	13,385	(885)
Utilities	17,500	17,500	3,472	14,028
Miscellaneous	11,690	16,690	14,154	2,536
Capital Expenditures	0	13,000	11,938	1,062
Total	<u>\$ 512,155</u>	<u>\$ 512,155</u>	<u>\$ 490,458</u>	<u>\$ 21,697</u>
Purchasing Department-				
Personnel Cost	\$ 243,499	\$ 243,499	\$ 211,886	\$ 31,613
Supplies & Postage	12,000	13,800	18,720	(4,920)
Maintenance	16,300	12,900	4,629	8,271
Fuel, Travel & Auto	7,700	7,700	4,258	3,442
Utilities	16,750	16,750	14,270	2,480
Miscellaneous	13,550	15,150	11,984	3,166
Capital Expenditures	0	0	0	0
Total	<u>\$ 309,799</u>	<u>\$ 309,799</u>	<u>\$ 265,747</u>	<u>\$ 44,052</u>
City Garage-				
Personnel Cost	\$ 178,152	\$ 178,152	\$ 185,272	\$ (7,120)
Supplies & Postage	10,630	17,480	16,782	698
Repairs & Miscellaneous	7,775	7,925	6,522	1,403
Utilities	7,750	5,750	7,031	(1,281)
Capital Expenditures	5,000	0	0	0
Total	<u>\$ 209,307</u>	<u>\$ 209,307</u>	<u>\$ 215,607</u>	<u>\$ (6,300)</u>

See notes to financial statements.

Continued next page.

City of Natchitoches, Louisiana
Major Funds

General Fund
Statement of Expenditures-
Budget (GAAP Basis) and Actual
Year Ended May 31, 2011

	<u>Budgeted Amounts</u>		<u>2011</u>	<u>Variance-</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
City Court-				
Personnel Cost	\$ 146,676	\$ 146,676	\$ 154,873	\$ (8,197)
Office & Supplies	<u>1,500</u>	<u>1,500</u>	<u>1,400</u>	<u>100</u>
Total	\$ <u>148,176</u>	\$ <u>148,176</u>	\$ <u>156,273</u>	\$ <u>(8,097)</u>
Community Affairs-				
Personnel Cost	\$ 271,814	\$ 244,314	\$ 249,136	\$ (4,822)
Fuel & Travel	13,800	13,200	15,046	(1,846)
Repairs & Miscellaneous	14,987	28,387	27,032	1,355
Supplies & Postage	14,800	16,500	14,262	2,238
Utilities	13,200	10,700	10,015	685
Capital Expenditures	<u>5,000</u>	<u>0</u>	<u>39,500</u>	<u>(39,500)</u>
Total	\$ <u>333,601</u>	\$ <u>313,101</u>	\$ <u>354,991</u>	\$ <u>(41,890)</u>
Planning & Zoning-				
Personnel Cost	\$ 146,945	\$ 146,945	\$ 147,512	\$ (567)
Supplies & Postage	6,050	5,550	5,525	25
Repairs & Miscellaneous	20,400	22,775	26,144	(3,369)
Fuel & Travel	6,000	5,125	4,733	392
Utilities	<u>3,000</u>	<u>2,000</u>	<u>1,680</u>	<u>320</u>
Total	\$ <u>182,395</u>	\$ <u>182,395</u>	\$ <u>185,594</u>	\$ <u>(3,199)</u>
Beautification-				
Personnel Cost	\$ 88,129	\$ 106,629	\$ 114,732	\$ (8,103)
Supplies	32,650	34,450	42,999	(8,549)
Utilities	1,800	1,800	896	904
Fuel & Travel	5,400	5,400	6,605	(1,205)
Repairs & Miscellaneous	<u>2,600</u>	<u>2,800</u>	<u>1,161</u>	<u>1,639</u>
Total	\$ <u>130,579</u>	\$ <u>151,079</u>	\$ <u>166,393</u>	\$ <u>(15,314)</u>

See notes to financial statements.

Continued next page.

City of Natchitoches, Louisiana
Major Funds

General Fund
Statement of Expenditures-
Budget (GAAP Basis) and Actual
Year Ended May 31, 2011

	<u>Budgeted Amounts</u>		<u>2011</u>	<u>Variance-</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
Municipal Buildings-				
Utilities	\$ 18,300	\$ 14,300	\$ 12,045	\$ 2,255
Supplies	34,700	34,700	23,298	11,402
Repairs & Maintenance	15,765	10,465	6,343	4,122
Other	8,800	18,100	22,735	(4,635)
Total	<u>\$ 77,565</u>	<u>\$ 77,565</u>	<u>\$ 64,421</u>	<u>\$ 13,144</u>
General Accounts-				
Personnel Costs	\$ 589,997	\$ 540,997	\$ 575,825	\$ (34,828)
Legal & Audit	75,000	75,000	42,323	32,677
Supplies	18,150	18,400	8,075	10,325
Municipal Utilities	127,219	127,219	10,314	116,905
Employee Benefits	122,293	122,293	133,679	(11,386)
Miscellaneous	164,528	167,278	109,116	58,162
Total	<u>\$ 1,097,187</u>	<u>\$ 1,051,187</u>	<u>\$ 879,332</u>	<u>\$ 171,855</u>
TOTAL GENERAL GOVERNMENT	<u>\$ 3,000,764</u>	<u>\$ 2,954,764</u>	<u>\$ 2,778,816</u>	<u>\$ 175,948</u>
PUBLIC SAFETY:				
Fire Department-				
Personnel Cost	\$ 2,398,823	\$ 2,384,823	\$ 2,741,031	\$(356,208)
Fuel & Oil	35,000	35,000	30,373	4,627
Maintenance	25,740	25,740	33,783	(8,043)
Supplies & Miscellaneous	43,632	47,632	49,918	(2,286)
Training & Travel	6,965	16,965	16,475	490
Uniforms	10,000	10,000	13,276	(3,276)
Utilities	29,800	29,800	27,752	2,048
Total	<u>\$ 2,549,960</u>	<u>\$ 2,549,960</u>	<u>\$ 2,912,608</u>	<u>\$(362,648)</u>

See notes to financial statements.

Continued next page.

City of Natchitoches, Louisiana
Major Funds

General Fund
Statement of Expenditures-
Budget (GAAP Basis) and Actual
Year Ended May 31, 2011

	Budgeted Amounts		2011 Actual	Variance- Favorable (Unfavorable)
	Original	Final		
Police Department-				
Personnel Cost	\$ 3,451,124	\$ 3,424,924	\$ 3,682,222	\$(257,298)
Fuel	142,500	142,500	182,695	(40,195)
Maintenance	76,700	83,900	100,408	(16,508)
Prisoner Maintenance	31,000	46,000	46,161	(161)
Utilities	65,800	71,300	90,361	(19,061)
Miscellaneous	56,946	57,646	65,988	(8,342)
Supplies & Uniforms	59,200	61,700	65,346	(3,646)
Office Expense	15,000	15,000	12,696	2,304
Travel & Training	10,000	7,800	4,089	3,711
Marshal's Expense	129,141	129,141	132,116	(2,975)
Capital Expenditures	0	0	0	0
Total	<u>\$ 4,037,411</u>	<u>\$ 4,039,911</u>	<u>\$ 4,382,082</u>	<u>\$(342,171)</u>
TOTAL PUBLIC SAFETY	\$ 6,587,371	\$ 6,589,871	\$ 7,294,690	\$(704,819)
STREETS & SANITATION:				
Personnel Cost	\$ 1,021,553	\$ 1,011,153	\$ 958,633	\$ 52,520
Street Materials	45,000	45,000	39,800	5,200
Maintenance	72,500	72,500	87,743	(15,243)
Fuel & Oil	85,000	85,000	92,249	(7,249)
Supplies & Miscellaneous	79,600	77,100	63,190	13,910
Garbage Disposal	43,000	31,000	40,489	(9,489)
Utilities	13,500	13,500	15,730	(2,230)
Uniforms	5,000	5,000	3,914	1,086
Capital Expenditures	0	24,900	56,352	(31,452)
TOTAL STREETS & SANITATION	\$ 1,365,153	\$ 1,365,153	\$ 1,358,100	\$ 7,053

See notes to financial statements.

Continued next page.

City of Natchitoches, Louisiana
Major Funds

General Fund
Statement of Expenditures-
Budget (GAAP Basis) and Actual
Year Ended May 31, 2011

	<u>Budgeted Amounts</u>		<u>2011</u>	<u>Variance-</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
HEALTH & WELFARE:				
Animal Shelter-				
Personnel Cost	\$ 106,982	\$ 106,982	\$ 82,318	\$ 24,664
Fuel & Maintenance	6,500	6,500	10,013	(3,513)
Supplies & Miscellaneous	22,700	28,700	14,476	14,224
Utilities	17,750	11,750	13,046	(1,296)
Capital Expenditures	<u>0</u>	<u>0</u>	<u>25,221</u>	<u>(25,221)</u>
Total	\$ 153,932	\$ 153,932	\$ 145,074	\$ 8,858
Other Health & Welfare-				
Coroner's Expense	<u>70,000</u>	<u>67,500</u>	<u>59,474</u>	<u>8,026</u>
TOTAL HEALTH & WELFARE	\$ 223,932	\$ 221,432	\$ 204,548	\$ 16,884
RECREATION & CULTURE:				
MLK Recreation Center-				
Personnel Cost	\$ 76,236	\$ 42,196	\$ 32,405	\$ 9,791
Telephone & Utilities	43,300	43,300	33,288	10,012
Supplies & Miscellaneous	13,125	13,125	23,785	(10,660)
Facility Maintenance	8,900	8,900	17,052	(8,152)
Capital Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$ 141,561	\$ 107,521	\$ 106,530	\$ 991
Recreation Department:				
Personnel Cost	\$ 476,140	\$ 490,180	\$ 495,759	\$ (5,579)
Repairs & Maintenance	51,330	95,995	85,771	10,224
Materials & Supplies	66,836	68,421	75,415	(6,994)
Services & Miscellaneous	28,250	22,000	10,277	11,723
Programs	56,474	56,474	51,264	5,210
Utilities	31,500	11,500	17,558	(6,058)
Capital Expenditures	<u>16,700</u>	<u>16,700</u>	<u>8,469</u>	<u>8,231</u>
Total	\$ 727,230	\$ 761,270	\$ 744,513	\$ 16,757
TOTAL RECREATION & CULTURE	\$ 868,791	\$ 868,791	\$ 851,043	\$ 17,748

See notes to financial statements.

Continued next page.

City of Natchitoches, Louisiana
Major Funds

General Fund
Statement of Expenditures-
Budget (GAAP Basis) and Actual
Year Ended May 31, 2011

	<u>Budgeted Amounts</u>		<u>2011</u>	<u>Variance-</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
DEBT SERVICE:				
Principal	\$ <u>49,770</u>	\$ <u>49,770</u>	\$ <u>49,759</u>	\$ <u>11</u>
ECONOMIC DEVELOPMENT:				
Outside Appropriations	\$ <u>243,545</u>	\$ <u>245,545</u>	\$ <u>180,067</u>	\$ <u>65,478</u>
Promotional Expenditures	<u>70,000</u>	<u>114,000</u>	<u>96,990</u>	<u>17,010</u>
TOTAL ECONOMIC DEVELOPMENT	\$ <u>313,545</u>	\$ <u>359,545</u>	\$ <u>277,057</u>	\$ <u>82,488</u>
TOTAL EXPENDITURES	\$ <u>12,409,326</u>	\$ <u>12,409,326</u>	\$ <u>12,814,013</u>	\$ <u>(404,687)</u>

See notes to financial statements.

City of Natchitoches, Louisiana
Major Funds

General Fund
Statement of Other Financing Sources (Uses)-
Budget (GAAP Basis) and Actual
Year Ended May 31, 2011

	<u>Budgeted Amounts</u>		<u>2011</u>	<u>Variance-</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
OTHER FINANCING				
SOURCES (USES):				
Transfers from Other Funds-				
Enterprise (Utility) Fund	\$4,035,906	\$4,035,906	\$3,810,906	\$(225,000)
Hazard Tax Fund	878,920	878,920	828,920	(50,000)
Sales Tax Police Fund	<u>1,739,319</u>	<u>1,739,319</u>	<u>1,739,319</u>	<u>0</u>
Total Transfers In	<u>\$6,654,145</u>	<u>\$6,654,145</u>	<u>\$6,379,145</u>	<u>\$(275,000)</u>
Transfers to Other Funds-				
Airport Grant Fund	\$ (50,000)	\$ (50,000)	\$ (125,000)	\$ (75,000)
Miss Merry Christmas	(4,450)	(4,450)	(4,450)	0
Green Market	0	0	(2,000)	(2,000)
Liability Insurance Fund	(425,000)	(425,000)	(425,000)	0
Keep Louisiana Beautiful	0	0	(422)	(422)
Event Center Operations	(275,000)	(275,000)	(275,000)	0
Miscellaneous Funds	<u>0</u>	<u>0</u>	<u>(45,764)</u>	<u>(45,764)</u>
Total Transfers Out	<u>\$ (754,450)</u>	<u>\$ (754,450)</u>	<u>\$ (877,636)</u>	<u>\$(123,186)</u>
Debt Proceeds	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
TOTAL OTHER FINANCING	<u>\$5,899,695</u>	<u>\$5,899,695</u>	<u>\$5,501,509</u>	<u>\$(398,186)</u>

See notes to financial statements.

City of Natchitoches, Louisiana
Major Funds

Capital Projects Funds
Sales Tax Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (GAAP Basis) and Actual
Year Ended May 31, 2011

	<u>Budgeted Amounts</u>		<u>2011</u>	<u>Variance-</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
REVENUES:				
Taxes-				
Sales & Use Tax	\$ 3,589,000	\$ 3,589,000	\$ 3,816,058	\$ 227,058
Miscellaneous-				
Interest	70,000	70,000	166,944	96,944
Gain (Loss) on Investments	0	0	6,944	6,944
Miscellaneous	0	0	1,810	1,810
Total Revenues	<u>\$ 3,659,000</u>	<u>\$ 3,659,000</u>	<u>\$ 3,991,756</u>	<u>\$ 332,756</u>
EXPENDITURES:				
Current-				
General Government	\$ 210,000	\$ 207,500	\$ 180,545	\$ 26,955
Water & Sewer-				
Office & Supplies	0	0	107	(107)
Maintenance	270,000	272,500	26,095	246,405
Capital Expenditures	1,130,000	1,130,000	123,444	1,006,556
Debt Service-				
Principal	1,200,000	1,200,000	800,000	400,000
Interest	283,000	283,000	191,213	91,787
Total Expenditures	<u>\$ 3,093,000</u>	<u>\$ 3,093,000</u>	<u>\$ 1,321,404</u>	<u>\$ 1,771,596</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 566,000</u>	<u>\$ 566,000</u>	<u>\$ 2,670,352</u>	<u>\$ 2,104,352</u>

See notes to financial statements.

Continued on next page.

City of Natchitoches, Louisiana
Major Funds

Capital Projects Funds
Sales Tax Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (GAAP Basis) and Actual
Year Ended May 31, 2011

	<u>Budgeted Amounts</u>		<u>2011 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES):				
Transfer from-				
Capital Projects - Special	\$ <u>0</u>	\$ <u>0</u>	\$ <u>74,835</u>	\$ <u>74,835</u>
Transfer to-				
Capital Projects - Special	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(116,653)</u>	\$ <u>(116,653)</u>
Utility Fund	<u>(740,000)</u>	<u>(740,000)</u>	<u>(740,000)</u>	<u>0</u>
LCDBG Sibley Lake Fund	<u>(7,000)</u>	<u>(7,000)</u>	<u>0</u>	<u>7,000</u>
Total Transfers Out	\$ <u>(747,000)</u>	\$ <u>(747,000)</u>	\$ <u>(856,653)</u>	\$ <u>(109,653)</u>
Total Other Financing	\$ <u>(747,000)</u>	\$ <u>(747,000)</u>	\$ <u>(781,818)</u>	\$ <u>(34,818)</u>
Excess (Deficiency) of Revenues and Other Sources over Expen- ditures and Other Uses	\$ <u>(181,000)</u>	\$ <u>(181,000)</u>	\$ <u>1,888,534</u>	\$ <u>2,069,534</u>
Fund Balance-Beginning of Year	<u>12,292,801</u>	<u>12,292,801</u>	<u>12,292,801</u>	<u>0</u>
Fund Balance-End of Year	\$ <u>12,111,801</u>	\$ <u>12,111,801</u>	\$ <u>14,181,335</u>	\$ <u>2,069,534</u>

See notes to financial statements.

OTHER SUPPLEMENTAL SCHEDULES

City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Balance Sheet
May 31, 2011

	Special Revenue Funds			
	Event Center Operations Fund	Airport Fund	Hazard Tax Fund	Employee Benefits Fund
<u>Assets</u>				
Cash & Cash Equivalents	\$120,186	\$ 0	\$666,378	\$ 779,962
Revenue Receivables	0	3,447	0	6,484
Other Receivables	0	0	0	0
Due from Other Funds	0	0	0	0
Prepaid Expenses	0	0	0	0
Total Assets	<u>\$120,186</u>	<u>\$ 3,447</u>	<u>\$666,378</u>	<u>\$ 786,446</u>
<u>Liabilities & Fund Balances</u>				
Liabilities-				
Cash Overdraft	\$ 0	\$ 252,785	\$ 0	\$ 963,511
Accounts Payable	5,688	3,436	13,840	0
Accrued Expenses	0	0	0	0
Due to Other Funds	0	0	0	0
Accrued Payroll	<u>11,069</u>	<u>4,667</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$ 16,757</u>	<u>\$ 260,888</u>	<u>\$ 13,840</u>	<u>\$ 963,511</u>
Fund Balances-				
Unreserved-				
Undesignated	\$103,429	\$ 0	\$150,299	\$ 0
Deficit	0	(257,441)	0	(177,065)
Reserved for Debt Service	0	0	502,239	0
Total Fund Balances	<u>\$103,429</u>	<u>\$(257,441)</u>	<u>\$652,538</u>	<u>\$(177,065)</u>
Total Liabilities & Fund Balances	<u>\$120,186</u>	<u>\$ 3,447</u>	<u>\$666,378</u>	<u>\$ 786,446</u>

See notes to financial statements.

Special Revenue Funds						
Workman's Compensation Fund	Drug Recovery Fund	Multi-Drug Task Force Fund	STOP Grant Fund	Prisoner Bond Fund	911 Grant Fire Fund	Animal Shelter Fund
\$787,912	\$50,810	\$ 0	\$5,077	\$40,084	\$81,678	\$31,098
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$787,912</u>	<u>\$50,810</u>	<u>\$ 0</u>	<u>\$5,077</u>	<u>\$40,084</u>	<u>\$81,678</u>	<u>\$31,098</u>
\$ 0	\$ 0	\$ 4,179	\$ 0	\$ 0	\$ 0	\$ 0
0	19,828	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	103	4,420	0	0	0
<u>\$ 0</u>	<u>\$19,828</u>	<u>\$ 4,282</u>	<u>\$4,420</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$787,912	\$30,982	\$ 0	\$ 657	\$40,084	\$81,678	\$31,098
0	0	(4,282)	0	0	0	0
0	0	0	0	0	0	0
<u>\$787,912</u>	<u>\$30,982</u>	<u>\$(4,282)</u>	<u>\$ 657</u>	<u>\$40,084</u>	<u>\$81,678</u>	<u>\$31,098</u>
<u>\$787,912</u>	<u>\$50,810</u>	<u>\$ 0</u>	<u>\$5,077</u>	<u>\$40,084</u>	<u>\$81,678</u>	<u>\$31,098</u>

Continued on next page.

City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Balance Sheet
May 31, 2011

	<u>Special Revenue Funds</u>			
	<u>Litter Abatement Fund</u>	<u>Liability Insurance Fund</u>	<u>Main Street Promotions Fund</u>	<u>NHDDC Sidewalks Fund</u>
<u>Assets</u>				
Cash & Cash Equivalents	\$2,339	\$760,058	\$23,623	\$432
Revenue Receivables	0	0	0	0
Other Receivables	0	0	0	0
Due from Other Funds	0	0	0	0
Prepaid Expenses	0	0	0	0
Total Assets	<u>\$2,339</u>	<u>\$760,058</u>	<u>\$23,623</u>	<u>\$432</u>
<u>Liabilities & Fund Balances</u>				
<u>Liabilities-</u>				
Cash Overdraft	\$ 0	\$ 0	\$ 0	\$ 0
Accounts Payable	0	0	337	0
Accrued Expenses	0	0	779	0
Due to Other Funds	0	0	0	0
Accrued Payroll	0	0	0	0
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,116</u>	<u>\$ 0</u>
<u>Fund Balances-</u>				
Unreserved-				
Undesignated	\$2,339	\$760,058	\$22,507	\$432
Deficit	0	0	0	0
Reserved for Debt Service	0	0	0	0
Total Fund Balances	<u>\$2,339</u>	<u>\$760,058</u>	<u>\$22,507</u>	<u>\$432</u>
 Total Liabilities & Fund Balances	 <u>\$2,339</u>	 <u>\$760,058</u>	 <u>\$23,623</u>	 <u>\$432</u>

See notes to financial statements.

Special Revenue Funds						
Arts Funding Fund	Cane River Green Market Fund	Retirement Development Fund	LLEBG Grant Fund	911-Police Grant Fund	NW Law Enforcement Fund	Assistance to Firefighters FY '03 Fund
\$245	\$15,047	\$0	\$1,313	\$79,466	\$7,984	\$266
0	11,250	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$245</u>	<u>\$26,297</u>	<u>\$0</u>	<u>\$1,313</u>	<u>\$79,466</u>	<u>\$7,984</u>	<u>\$266</u>
\$ 0	\$ 0	\$0	\$ 0	\$ 0	\$ 0	\$ 0
0	5,188	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	629	0	0	0	0	0
<u>\$ 0</u>	<u>\$ 5,817</u>	<u>\$0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$245	\$20,480	\$0	\$1,313	\$79,466	\$7,984	\$266
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$245</u>	<u>\$20,480</u>	<u>\$0</u>	<u>\$1,313</u>	<u>\$79,466</u>	<u>\$7,984</u>	<u>\$266</u>
<u>\$245</u>	<u>\$26,297</u>	<u>\$0</u>	<u>\$1,313</u>	<u>\$79,466</u>	<u>\$7,984</u>	<u>\$266</u>

Continued on next page.

City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Balance Sheet
May 31, 2011

	Special Revenue Funds			
	Knock-Knock Grant Fund	NHDDC Projects Fund	LED Brand Identity Fund	State Office of Culture Development
<u>Assets</u>				
Cash & Cash Equivalents	\$ 0	\$ 0	\$0	\$1,400
Revenue Receivables	0	11,468	0	0
Other Receivables	0	0	0	0
Due from Other Funds	0	0	0	0
Prepaid Expenses	0	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 11,468</u>	<u>\$0</u>	<u>\$1,400</u>
<u>Liabilities & Fund Balances</u>				
Liabilities-				
Cash Overdraft	\$ 183	\$ 20,919	\$0	\$ 0
Accounts Payable	0	7,580	0	0
Accrued Expenses	0	0	0	0
Due to Other Funds	0	0	0	0
Accrued Payroll	85	0	0	0
Total Liabilities	<u>\$ 268</u>	<u>\$ 28,499</u>	<u>\$0</u>	<u>\$ 0</u>
Fund Balances-				
Unreserved-				
Undesignated	\$ 0	\$ 0	\$0	\$1,400
Deficit	(268)	(17,031)	0	0
Reserved for Debt Service	0	0	0	0
Total Fund Balances	<u>\$(268)</u>	<u>\$(17,031)</u>	<u>\$0</u>	<u>\$1,400</u>
Total Liabilities & Fund Balances	<u>\$ 0</u>	<u>\$ 11,468</u>	<u>\$0</u>	<u>\$1,400</u>

See notes to financial statements.

Special Revenue Funds					
Garbage Service Fund	Sales Tax Police Fund	Miss Merry Christmas Fund	Miss City of Lights Fund	Keep Louisiana Beautiful	The Rapides Foundation
\$ 0	\$1,284,654	\$3,965	\$0	\$0	\$ 0
344,480	169,319	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 344,480</u>	<u>\$1,453,973</u>	<u>\$3,965</u>	<u>\$0</u>	<u>\$0</u>	<u>\$ 0</u>
\$ 562,366	\$ 0	\$ 0	\$0	\$0	\$ 459
182,370	0	0	0	0	0
0	111,407	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 744,736</u>	<u>\$ 111,407</u>	<u>\$ 0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$ 459</u>
\$ 0	\$1,342,566	\$3,965	\$0	\$0	\$ 0
(400,256)	0	0	0	0	(459)
0	0	0	0	0	0
<u>\$(400,256)</u>	<u>\$1,342,566</u>	<u>\$3,965</u>	<u>\$0</u>	<u>\$0</u>	<u>\$(459)</u>
<u>\$ 344,480</u>	<u>\$1,453,973</u>	<u>\$3,965</u>	<u>\$0</u>	<u>\$0</u>	<u>\$ 0</u>

Continued on next page.

City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Balance Sheet
May 31, 2011

	Special Revenue Funds			
	LETPP Fund	Local Gov't Assistance Program	Byrne JAG- Police & NPSO Fund	Byrne JAG- Tech Upgrade Fund
<u>Assets</u>				
Cash & Cash Equivalents	\$0	\$62,514	\$ 0	\$0
Revenue Receivables	0	0	13,800	0
Due from Other Funds	0	0	0	0
Prepaid Expenses	0	0	0	0
Total Assets	<u>\$0</u>	<u>\$62,514</u>	<u>\$13,800</u>	<u>\$0</u>
<u>Liabilities & Fund Balances</u>				
Liabilities-				
Cash Overdraft	\$0	\$ 0	\$18,939	\$0
Accounts Payable	0	4,972	0	0
Accrued Expenses	0	0	0	0
Due to Other Funds	0	0	0	0
Accrued Payroll	0	0	0	0
Total Liabilities	<u>\$0</u>	<u>\$ 4,972</u>	<u>\$18,939</u>	<u>\$0</u>
Fund Balances-				
Unreserved-				
Undesignated	\$0	\$57,542	\$ 0	\$0
Deficit	0	0	(5,139)	0
Reserved for Debt Service	0	0	0	0
Total Fund Balances	<u>\$0</u>	<u>\$57,542</u>	<u>\$ (5,139)</u>	<u>\$0</u>
Total Liabilities & Fund Balances	<u>\$0</u>	<u>\$62,514</u>	<u>\$13,800</u>	<u>\$0</u>

See notes to financial statements.

Capital Projects Funds					
Street Improvements Fund	Capital Improvements Fund	Utility Improvements Fund	DOTD Gateway Phase II Fund	Water Treatment Plant Fund	Pilgrim's Industrial Park Fund
\$750,298	\$594,907	\$2,246,536	\$13,995	\$1,658,902	\$ 0
0	82,896	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$750,298</u>	<u>\$677,803</u>	<u>\$2,246,536</u>	<u>\$13,995</u>	<u>\$1,658,902</u>	<u>\$ 0</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 34,034
0	0	1,105	4,550	115,643	0
0	0	0	0	0	546,960
0	204,102	0	0	0	0
0	0	0	0	0	0
<u>\$ 0</u>	<u>\$204,102</u>	<u>\$ 1,105</u>	<u>\$ 4,550</u>	<u>\$ 115,643</u>	<u>\$ 580,994</u>
\$750,298	\$473,701	\$2,245,431	\$ 9,445	\$ 0	\$ 0
0	0	0	0	0	(580,994)
0	0	0	0	1,543,259	0
<u>\$750,298</u>	<u>\$473,701</u>	<u>\$2,245,431</u>	<u>\$ 9,445</u>	<u>\$1,543,259</u>	<u>\$(580,994)</u>
<u>\$750,298</u>	<u>\$677,803</u>	<u>\$2,246,536</u>	<u>\$13,995</u>	<u>\$1,658,902</u>	<u>\$ 0</u>

Continued on next page.

City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Balance Sheet
May 31, 2011

	Capital Projects Funds			
	Industrial Park Road Fund	LDEQ Sibley Lake Sewer Fund	Riverbank Wall Fund	LCDBG Fund
<u>Assets</u>				
Cash & Cash Equivalents	\$5,165	\$0	\$ 0	\$ 0
Revenue Receivables	0	0	0	0
Due from Other Funds	0	0	0	0
Prepaid Expenses	0	0	0	0
Total Assets	<u>\$5,165</u>	<u>\$0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Liabilities & Fund Balances</u>				
Liabilities-				
Cash Overdraft	\$ 0	\$0	\$ 36,833	\$ 15,823
Accounts Payable	0	0	1,041	0
Accrued Expenses	0	0	0	0
Due to Other Funds	0	0	0	0
Accrued Payroll	0	0	0	0
Total Liabilities	<u>\$ 0</u>	<u>\$0</u>	<u>\$ 37,874</u>	<u>\$ 15,823</u>
Fund Balances-				
Unreserved-				
Undesignated	\$5,165	\$0	\$ 0	\$ 0
Deficit	0	0	(37,874)	(15,823)
Reserved for Debt Service	0	0	0	0
Total Fund Balances	<u>\$5,165</u>	<u>\$0</u>	<u>\$(37,874)</u>	<u>\$(15,823)</u>
Total Liabilities & Fund Balances	<u>\$5,165</u>	<u>\$0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See notes to financial statements.

Capital Projects Funds					
Ben Johnson Park Phase II	NSU Turf Replacement Fund	Virginia Baker Park Fund	ARRA 09 Sewer Upgrade Fund	Hayes Avenue Extension Fund	LCDBG Grants Fund
\$3,762	\$0	\$ 0	\$ 0	\$2,240	\$56,532
0	0	0	38,946	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$3,762</u>	<u>\$0</u>	<u>\$ 0</u>	<u>\$38,946</u>	<u>\$2,240</u>	<u>\$56,532</u>
\$ 0	\$ 0	\$ 0	\$ 681	\$ 0	\$ 0
0	0	2,092	0	0	3,530
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 0</u>	<u>\$0</u>	<u>\$ 2,092</u>	<u>\$ 681</u>	<u>\$ 0</u>	<u>\$ 3,530</u>
\$3,762	\$0	\$ 0	\$38,265	\$2,240	\$53,002
0	0	(2,092)	0	0	0
0	0	0	0	0	0
<u>\$3,762</u>	<u>\$0</u>	<u>\$(2,092)</u>	<u>\$38,265</u>	<u>\$2,240</u>	<u>\$53,002</u>
<u>\$3,762</u>	<u>\$0</u>	<u>\$ 0</u>	<u>\$38,946</u>	<u>\$2,240</u>	<u>\$56,532</u>

Continued on next page.

City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Balance Sheet
May 31, 2011

	Capital Projects Funds			
	Airport Hangar Fund	Airport Maintenance Projects Fund	LCDBG Housing Fund	EECBG Fund
<u>Assets</u>				
Cash & Cash Equivalents	\$9,600	\$ 0	\$9,750	\$ 0
Revenue Receivables	0	50,028	0	7,500
Due from Other Funds	0	0	0	0
Prepaid Expenses	0	0	0	0
Total Assets	<u>\$9,600</u>	<u>\$ 50,028</u>	<u>\$9,750</u>	<u>\$ 7,500</u>
<u>Liabilities & Fund Balances</u>				
Liabilities-				
Cash Overdraft	\$ 0	\$ 72,894	\$9,807	\$10,846
Accounts Payable	0	0	0	154
Accrued Expenses	0	0	0	0
Due to Other Funds	0	0	0	0
Accrued Payroll	0	0	0	0
Total Liabilities	<u>\$ 0</u>	<u>\$ 72,894</u>	<u>\$9,807</u>	<u>\$11,000</u>
Fund Balances-				
Unreserved-				
Undesignated	\$9,600	\$ 0	\$ 0	\$ 0
Deficit	0	(22,866)	(57)	(3,500)
Reserved for Debt Service	0	0	0	0
Total Fund Balances	<u>\$9,600</u>	<u>\$(22,866)</u>	<u>\$ (57)</u>	<u>\$(3,500)</u>
Total Liabilities & Fund Balances	<u>\$9,600</u>	<u>\$ 50,028</u>	<u>\$9,750</u>	<u>\$ 7,500</u>

See notes to financial statements.

Capital Projects Funds		Debt Service Funds		
Parking Lot Construction Fund	Event Center Parking Lot Fund	Sales Tax Bonds Fund	General Obligations Fund	Total
\$ 712	\$40,491	\$0	\$0	\$10,199,381
23,969	0	0	0	763,587
0	0	0	0	0
0	0	0	0	0
<u>\$24,681</u>	<u>\$40,491</u>	<u>\$0</u>	<u>\$0</u>	<u>\$10,962,968</u>
\$ 0	\$ 0	\$0	\$0	\$ 2,004,259
0	0	0	0	371,354
0	0	0	0	659,146
0	0	0	0	204,102
0	0	0	0	20,973
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$ 3,259,834</u>
\$24,681	\$40,491	\$0	\$0	\$ 7,182,783
0	0	0	0	(1,525,147)
0	0	0	0	2,045,498
<u>\$24,681</u>	<u>\$40,491</u>	<u>\$0</u>	<u>\$0</u>	<u>\$ 7,703,134</u>
<u>\$24,681</u>	<u>\$40,491</u>	<u>\$0</u>	<u>\$0</u>	<u>\$10,962,968</u>

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City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended May 31, 2011

	Special Revenue Funds			
	Event Center Operations Fund	Airport Fund	Hazard Tax Fund	Employee Benefits Fund
REVENUES:				
Taxes	\$ 0	\$ 0	\$1,025,539	\$ 0
Intergovernmental	0	0	0	0
Charges for Services	237,140	425,459	0	0
Fines & Forfeits	0	0	0	0
Miscellaneous	<u>2,163</u>	<u>61,801</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 239,303</u>	<u>\$ 487,260</u>	<u>\$1,025,539</u>	<u>\$ 0</u>
EXPENDITURES:				
Current-				
General Government	\$ 0	\$ 0	\$ 0	\$ 244,861
Public Safety	0	0	47,291	0
Streets & Sanitation	0	0	0	0
Water, Sewer & Utilities	0	0	0	0
Economic Development	536,402	527,771	0	0
Recreation & Culture	0	0	0	0
Health & Welfare	0	0	0	0
Debt Service	<u>0</u>	<u>1,100</u>	<u>87,210</u>	<u>0</u>
Total Expenditures	<u>\$ 536,402</u>	<u>\$ 528,871</u>	<u>\$ 134,501</u>	<u>\$ 244,861</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$(297,099)</u>	<u>\$ (41,611)</u>	<u>\$ 891,038</u>	<u>\$(244,861)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 275,000	\$ 125,000	\$ 0	\$ 633
Operating Transfers Out	0	(9,207)	(834,420)	0
Debt Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing	<u>\$ 275,000</u>	<u>\$ 115,793</u>	<u>\$ (834,420)</u>	<u>\$ 633</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	<u>\$ (22,099)</u>	<u>\$ 74,182</u>	<u>\$ 56,618</u>	<u>\$(244,228)</u>
Fund Balances-Beginning of Year	<u>125,528</u>	<u>(331,623)</u>	<u>595,920</u>	<u>67,163</u>
Fund Balances-End of Year	<u>\$ 103,429</u>	<u>\$ (257,441)</u>	<u>\$ 652,538</u>	<u>\$(177,065)</u>

See notes to financial statements.

Special Revenue Funds						
Workman's Compensation Fund	Drug Recovery Fund	Multi-Drug Task Force Fund	STOP Grant Fund	Prisoner Bond Fund	911 Grant Fire Fund	Animal Shelter Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	14,081	28,624	0	15,000	0
0	0	0	0	0	0	2,276
0	0	0	0	24,380	0	0
<u>13,740</u>	<u>40,331</u>	<u>0</u>	<u>0</u>	<u>675</u>	<u>7,740</u>	<u>0</u>
<u>\$ 13,740</u>	<u>\$40,331</u>	<u>\$14,081</u>	<u>\$ 28,624</u>	<u>\$25,055</u>	<u>\$22,740</u>	<u>\$ 2,276</u>
\$ 15,863	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	45,340	21,345	41,104	33,931	7,983	1,723
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 15,863</u>	<u>\$45,340</u>	<u>\$21,345</u>	<u>\$ 41,104</u>	<u>\$33,931</u>	<u>\$ 7,983</u>	<u>\$ 1,723</u>
\$ (2,123)	\$ (5,009)	\$ (7,264)	\$ (12,480)	\$ (8,876)	\$14,747	\$ 553
\$ 0	\$ 6,359	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 0</u>	<u>\$ 6,359</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ (2,123)	\$ 1,350	\$ (7,264)	\$ (12,480)	\$ (8,876)	\$14,757	\$ 553
<u>790,035</u>	<u>29,632</u>	<u>2,982</u>	<u>13,137</u>	<u>48,960</u>	<u>66,921</u>	<u>30,545</u>
<u>\$787,912</u>	<u>\$30,982</u>	<u>\$ (4,282)</u>	<u>\$ 657</u>	<u>\$40,084</u>	<u>\$81,678</u>	<u>\$31,098</u>

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City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended May 31, 2011

	Special Revenue Funds			
	Litter Abatement Fund	Liability Insurance Fund	Main Street Promotions Fund	NHDDC Sidewalks Fund
REVENUES:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	0	0	0	0
Charges for Services	0	0	400	0
Fines & Forfeits	0	0	0	0
Miscellaneous	0	50,597	8,655	0
Total Revenues	\$ 0	\$ 50,597	\$ 9,055	\$ 0
EXPENDITURES:				
Current-				
General Government	\$ 0	\$ 644,486	\$ 0	\$ 0
Public Safety	0	0	0	0
Streets & Sanitation	85	0	0	1,463
Water, Sewer & Utilities	0	0	0	0
Economic Development	0	0	0	0
Recreation & Culture	0	0	13,648	0
Health & Welfare	0	0	0	0
Debt Service	0	0	0	0
Total Expenditures	\$ 85	\$ 644,486	\$ 13,648	\$ 1,463
Excess (Deficiency) of Revenues over Expenditures	\$ (85)	\$ (593,889)	\$ (4,593)	\$ (1,463)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 0	\$ 850,000	\$ 83	\$ 0
Operating Transfers Out	0	0	0	0
Debt Proceeds	0	0	0	0
Total Other Financing	\$ 0	\$ 850,000	\$ 83	\$ 0
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ (85)	\$ 256,111	\$ (4,510)	\$ (1,463)
Fund Balances-Beginning of Year	2,424	503,947	27,017	1,895
Fund Balances-End of Year	\$ 2,339	\$ 760,058	\$ 22,507	\$ 432

See notes to financial statements.

Special Revenue Funds						
Arts Funding Fund	Cane River Green Market Fund	Retirement Development Fund	LLEBG Grant Fund	911-Police Grant Fund	NW Law Enforcement Planning Fund	Assistance to Firefighters FY '03 Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2,351	58,010	0	10,303	26,000	3,000	55,946
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	5,003	0	0	5,500	0	0
<u>\$2,351</u>	<u>\$63,013</u>	<u>\$ 0</u>	<u>\$10,303</u>	<u>\$31,500</u>	<u>\$ 3,000</u>	<u>\$55,946</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	3,944	36,576	8,276	62,520
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	41,828	0	0	0	0	0
1,576	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$1,576</u>	<u>\$41,828</u>	<u>\$ 0</u>	<u>\$ 3,944</u>	<u>\$36,576</u>	<u>\$ 8,276</u>	<u>\$62,520</u>
\$ 775	\$21,185	\$ 0	\$ 6,359	\$ (5,076)	\$ (5,276)	\$ (6,574)
\$ 0	\$ 2,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,500
0	0	(84)	(6,359)	0	0	0
0	0	0	0	0	0	0
<u>\$ 0</u>	<u>\$ 2,000</u>	<u>\$(84)</u>	<u>\$(6,359)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,500</u>
\$ 775	\$23,185	\$(84)	\$ 0	\$ (5,076)	\$ (5,276)	\$ (1,074)
(530)	(2,705)	84	1,313	84,542	13,260	1,340
<u>\$ 245</u>	<u>\$20,480</u>	<u>\$ 0</u>	<u>\$ 1,313</u>	<u>\$79,466</u>	<u>\$ 7,984</u>	<u>\$ 266</u>

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City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended May 31, 2011

	Special Revenue Funds			
	Knock-Knock Grant Fund	NHDDC Projects Fund	LED Brand Identity Fund	State Office of Culture Development
REVENUES:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	7,056	56,823	0	8,900
Charges for Services	0	0	0	0
Fines & Forfeits	0	0	0	0
Miscellaneous	0	0	0	0
Total Revenues	<u>\$ 7,056</u>	<u>\$ 56,823</u>	<u>\$ 0</u>	<u>\$8,900</u>
EXPENDITURES:				
Current-				
General Government	\$ 0	\$ 0	\$ 0	\$ 0
Public Safety	8,718	0	0	0
Streets & Sanitation	0	0	0	0
Water, Sewer & Utilities	0	0	0	0
Economic Development	0	155,507	0	7,654
Recreation & Culture	0	0	0	0
Health & Welfare	0	0	0	0
Debt Service	0	0	0	0
Total Expenditures	<u>\$ 8,718</u>	<u>\$155,507</u>	<u>\$ 0</u>	<u>\$7,654</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (1,662)</u>	<u>\$ (98,684)</u>	<u>\$ 0</u>	<u>\$1,246</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 5,941	\$ 85,510	\$ 3,933	\$ 0
Operating Transfers Out	0	0	0	0
Debt Proceeds	0	0	0	0
Total Other Financing	<u>\$ 5,941</u>	<u>\$ 85,510</u>	<u>\$ 3,933</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	<u>\$ 4,279</u>	<u>\$ (13,174)</u>	<u>\$ 3,933</u>	<u>\$1,246</u>
Fund Balances-Beginning of Year	<u>(4,547)</u>	<u>(3,857)</u>	<u>(3,933)</u>	<u>154</u>
Fund Balances-End of Year	<u>\$ (268)</u>	<u>\$ (17,031)</u>	<u>\$ 0</u>	<u>\$1,400</u>

See notes to financial statements.

Special Revenue Funds					
Garbage Service Fund	Sales Tax Police Fund	Miss Merry Christmas Fund	Miss City of Lights Fund	Keep Louisiana Beautiful	The Rapides Foundation Fund
\$ 0	\$ 1,908,029	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	2,191	25,000
2,006,119	0	0	0	0	0
0	0	0	0	0	0
0	10,475	8,182	0	0	0
<u>\$2,006,119</u>	<u>\$ 1,918,504</u>	<u>\$8,182</u>	<u>\$ 0</u>	<u>\$ 2,191</u>	<u>\$25,000</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	367,543	0	0	0	0
2,170,395	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	5,551	0
0	0	9,135	833	0	27,958
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$2,170,395</u>	<u>\$ 367,543</u>	<u>\$9,135</u>	<u>\$ 833</u>	<u>\$ 5,551</u>	<u>\$27,958</u>
\$ (164,276)	\$ 1,550,961	\$ (953)	\$ (833)	\$ (3,360)	\$ (2,958)
\$ 300,000	\$ 5,139	\$4,646	\$ 0	\$ 422	\$ 0
0	(1,750,095)	0	(196)	0	0
0	0	0	0	0	0
<u>\$ 300,000</u>	<u>\$(1,744,956)</u>	<u>\$4,646</u>	<u>\$ (196)</u>	<u>\$ 422</u>	<u>\$ 0</u>
\$ 135,724	\$ (193,995)	\$3,693	\$(1,029)	\$(2,938)	\$ (2,958)
(535,980)	1,536,561	272	1,029	2,938	2,499
<u>\$ (400,256)</u>	<u>\$ 1,342,566</u>	<u>\$3,965</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (459)</u>

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City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended May 31, 2011

	Special Revenue Funds			
	LETPP Fund	Local Gov't Assistance Program	Byrne JAG- Police & NPSO Fund	Byrne JAG- Tech Upgrade Fund
REVENUES:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	9,794	20,000	105,674	0
Charges for Services	0	0	0	0
Fines & Forfeits	0	0	0	0
Miscellaneous	0	0	0	0
Total Revenues	<u>\$9,794</u>	<u>\$ 20,000</u>	<u>\$105,674</u>	<u>\$ 0</u>
EXPENDITURES:				
Current-				
General Government	\$ 0	\$ 57,379	\$ 0	\$ 0
Public Safety	9,784	0	99,320	0
Streets & Sanitation	0	0	0	0
Water, Sewer & Utilities	0	0	0	0
Economic Development	0	0	0	0
Recreation & Culture	0	0	0	0
Health & Welfare	0	0	0	0
Debt Service	0	0	0	0
Total Expenditures	<u>\$9,784</u>	<u>\$ 57,379</u>	<u>\$ 99,320</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 10</u>	<u>\$(37,379)</u>	<u>\$ 6,354</u>	<u>\$ 0</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 123	\$ 0	\$ 0	\$4,712
Operating Transfers Out	0	0	(5,139)	0
Debt Proceeds	0	0	0	0
Total Other Financing	<u>\$ 123</u>	<u>\$ 0</u>	<u>\$ (5,139)</u>	<u>\$4,712</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	<u>\$ 133</u>	<u>\$(37,379)</u>	<u>\$ 1,215</u>	<u>\$4,712</u>
Fund Balances-Beginning of Year	<u>(133)</u>	<u>94,921</u>	<u>(6,354)</u>	<u>(4,712)</u>
Fund Balances-End of Year	<u>\$ 0</u>	<u>\$ 57,542</u>	<u>\$ (5,139)</u>	<u>\$ 0</u>

See notes to financial statements.

Capital Projects Funds					
Street Improvements Fund	Capital Improvements Fund	Utility Improvements Fund	DOTD Gateway Phase II Fund	Water Treatment Plant Fund	Pilgrim's Industrial Park Fund
\$ 0	\$499,375	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	240,867	0
0	0	0	0	0	0
0	0	0	0	0	0
0	358	14,358	0	3,615	60,773
\$ 0	\$499,733	\$ 14,358	\$ 0	\$ 244,482	\$ 60,773
\$ 0	\$ 0	\$ 8,008	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	443,337	0	2,062,922	0
0	137,916	0	16,040	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
\$ 0	\$137,916	\$ 451,345	\$ 16,040	\$ 2,062,922	\$ 0
\$ 0	\$361,817	\$ (436,987)	\$ (16,040)	\$ (1,818,440)	\$ 60,773
\$ 600,000	\$116,653	\$ 600,000	\$ 0	\$ 0	\$ 0
(273,100)	(27,396)	0	0	0	0
0	0	0	0	1,819,627	0
\$ 326,900	\$ 89,257	\$ 600,000	\$ 0	\$ 1,819,627	\$ 0
\$ 326,900	\$451,074	\$ 163,013	\$ (16,040)	\$ 1,187	\$ 60,773
423,398	22,627	2,082,418	25,485	1,542,072	(641,767)
\$ 750,298	\$473,701	\$2,245,431	\$ 9,445	\$ 1,543,259	\$ (580,994)

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City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended May 31, 2011

	Capital Projects Funds			
	Industrial Park Road Fund	LDEQ Sibley Lake Sewer Fund	Riverbank Wall Fund	LCDBG Fund
REVENUES:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	0	0	0	0
Charges for Services	0	0	0	0
Fines & Forfeits	0	0	0	0
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
EXPENDITURES:				
Current-				
General Government	\$ 0	\$ 0	\$ 0	\$ 0
Public Safety	0	0	0	0
Streets & Sanitation	0	0	48,874	0
Water, Sewer & Utilities	0	0	0	0
Economic Development	0	0	0	0
Recreation & Culture	0	0	0	0
Health & Welfare	0	0	0	0
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 48,874</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$(48,874)</u>	<u>\$ 0</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$5,165	\$ 41	\$ 50,012	\$ 0
Operating Transfers Out	0	0	0	0
Debt Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing	<u>\$5,165</u>	<u>\$ 41</u>	<u>\$ 50,012</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	<u>\$5,165</u>	<u>\$ 41</u>	<u>\$ 1,138</u>	<u>\$ 0</u>
Fund Balances-Beginning of Year	<u>0</u>	<u>(41)</u>	<u>(39,012)</u>	<u>(15,823)</u>
Fund Balances-End of Year	<u>\$5,165</u>	<u>\$ 0</u>	<u>\$(37,874)</u>	<u>\$(15,823)</u>

See notes to financial statements.

Capital Projects Funds					
Ben Johnson Park Phase II	NSU Turf Replacement Fund	Virginia Baker Park Fund	ARRA 09 Sewer Upgrade Fund	Hayes Avenue Extension Fund	LCDBG Grants Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
81,227	0	37,500	740,760	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 81,227</u>	<u>\$ 0</u>	<u>\$ 37,500</u>	<u>\$ 740,760</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	0	0	0	147,760	0
0	0	0	670,529	0	70,098
0	0	210,176	0	0	0
120,235	4,641	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$120,235</u>	<u>\$4,641</u>	<u>\$210,176</u>	<u>\$670,529</u>	<u>\$147,760</u>	<u>\$70,098</u>
<u>\$ (39,008)</u>	<u>\$ (4,641)</u>	<u>\$ (172,676)</u>	<u>\$ (670,529)</u>	<u>\$ (147,760)</u>	<u>\$ (70,098)</u>
\$ 22,231	\$ 0	\$ 83,084	\$ 0	\$ 150,000	\$123,100
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 22,231</u>	<u>\$ 0</u>	<u>\$ 83,084</u>	<u>\$ 0</u>	<u>\$ 150,000</u>	<u>\$123,100</u>
\$ (16,777)	\$ (4,641)	\$ (89,592)	\$ 70,231	\$ 2,240	\$ 53,002
<u>20,539</u>	<u>4,641</u>	<u>87,500</u>	<u>(31,966)</u>	<u>0</u>	<u>0</u>
<u>\$ 3,762</u>	<u>\$ 0</u>	<u>\$ (2,092)</u>	<u>\$ 38,265</u>	<u>\$ 2,240</u>	<u>\$ 53,002</u>

Continued on next page.

City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended May 31, 2011

	Capital Projects Funds			
	Airport Hangar Fund	Airport Maintenance Projects Fund	LCDBG Housing Fund	EECBG Fund
REVENUES:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	28,000	592,445	9,750	7,500
Charges for Services	0	0	0	0
Fines & Forfeits	0	0	0	0
Miscellaneous	9,600	0	0	0
Total Revenues	<u>\$37,600</u>	<u>\$592,445</u>	<u>\$9,750</u>	<u>\$ 7,500</u>
EXPENDITURES:				
Current-				
General Government	\$ 0	\$ 0	\$ 0	\$ 0
Public Safety	0	0	0	11,000
Streets & Sanitation	0	0	0	0
Water, Sewer & Utilities	0	0	0	0
Economic Development	28,000	624,518	0	0
Recreation & Culture	0	0	0	0
Health & Welfare	0	0	9,824	0
Debt Service	0	0	0	0
Total Expenditures	<u>\$28,000</u>	<u>\$624,518</u>	<u>\$9,824</u>	<u>\$11,000</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 9,600</u>	<u>\$ (32,073)</u>	<u>\$ (74)</u>	<u>\$ (3,500)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 0	\$ 9,207	\$ 17	\$ 0
Operating Transfers Out	0	0	0	0
Debt Proceeds	0	0	0	0
Total Other Financing	<u>\$ 0</u>	<u>\$ 9,207</u>	<u>\$ 17</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	<u>\$ 9,600</u>	<u>\$ (22,866)</u>	<u>\$ (57)</u>	<u>\$ (3,500)</u>
Fund Balances-Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances-End of Year	<u>\$ 9,600</u>	<u>\$ (22,866)</u>	<u>\$ (57)</u>	<u>\$ (3,500)</u>

See notes to financial statements.

Capital Projects Funds		Debt Service Funds		
Parking Lot Construction Fund	Event Center Parking Lot Fund	Sales Tax Bonds Fund	General Obligations Fund	Total
\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,432,943
0	0	0	0	2,186,802
0	0	0	0	2,671,394
0	0	0	0	24,380
0	0	180	0	303,746
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 180</u>	<u>\$ 0</u>	<u>\$ 8,619,265</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 970,597
0	0	0	0	806,398
0	0	0	0	2,368,577
0	0	0	0	3,246,886
176,411	0	0	0	2,467,774
0	0	0	0	178,026
0	0	0	0	9,824
0	0	0	179,061	267,371
<u>\$ 176,411</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 179,061</u>	<u>\$ 10,315,453</u>
<u>\$(176,411)</u>	<u>\$ 0</u>	<u>\$ 180</u>	<u>\$(179,061)</u>	<u>\$ (1,696,188)</u>
\$ 201,092	\$ 0	\$ 0	\$ 179,061	\$ 3,814,664
0	(55,969)	(74,835)	0	(3,036,800)
0	0	0	0	1,819,627
<u>\$ 201,092</u>	<u>\$(55,969)</u>	<u>\$(74,835)</u>	<u>\$ 179,061</u>	<u>\$ 2,597,491</u>
\$ 24,681	\$(55,969)	\$(74,655)	\$ 0	\$ 901,303
0	96,460	74,655	0	6,801,831
<u>\$ 24,681</u>	<u>\$ 40,491</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,703,134</u>

OTHER REPORTS

Johnson, Thomas & Cunningham

Certified Public Accountants

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

To the Mayor and the City Council of
Natchitoches, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Natchitoches, Louisiana, as of and for the year ended May 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 14, 2011. 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, and the *Louisiana Governmental Audit Guide*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Natchitoches, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operations of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the City of Natchitoches' management, the Louisiana Legislative Auditor, and interested state and federal agencies and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

November 14, 2011
Natchitoches, Louisiana

Johnson, Thomas & Cunningham

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

To the Mayor and the City Council of
Natchitoches, Louisiana

Compliance

We have audited the compliance of the City of Natchitoches, Louisiana 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 each of its major federal programs for the year ended May 31, 2011. The City's 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 each of 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 Natchitoches, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended May 31, 2011.

Internal Control over Compliance

The management of the City of Natchitoches, Louisiana is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

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

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

November 14, 2011
Natchitoches, Louisiana

City of Natchitoches, Louisiana
Schedule of Findings and Questioned Costs
Year Ended May 31, 2011

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. Since the City did not present all of its component units, an adverse opinion was issued for the City of Natchitoches as a reporting entity; however, an unqualified opinion was issued on the primary government financial statements of the City of Natchitoches as of and for the year ended May 31, 2011.
2. The audit disclosed no significant deficiencies in internal control.
3. The audit disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.
4. The audit did not disclose any significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit did not disclose findings related to federal awards that are required to be reported under OMB Circular A-133.
7. The following programs were major for the year ended May 31, 2011:
 - Airport Improvement Program – CFDA # 20.106
 - Clean Water State Revolving Funds (ARRA) – CFDA # 66.458
 - Drinking Water State Revolving Funds (ARRA) – CFDA # 66.468
8. \$300,000 was the threshold used to distinguish Type A and Type B programs.
9. The City of Natchitoches, Louisiana, did qualify as a low-risk auditee.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

No findings were identified that were required to be reported in accordance with *Government Auditing Standards*.

City of Natchitoches, Louisiana
Summary Schedule of Prior Year Audit Findings
Year Ended May 31, 2011

Internal Control-

10-01. Reconciliation of the Subsidiary Ledgers

Condition – At May 31, 2010, we found the following deficiencies related to the reconciliation of subsidiary ledgers:

- The City maintains a pooled cash account for its individual funds. The finance department had reconciled this cash account to the overall total of all funds maintained in the general ledger as of May 31, 2010; however, this reconciliation did not tie back to each individual fund's balance. As a result, although the overall general ledger cash balance was correct, the balances in some of the individual funds were not.
- The City obtains statements for the interest bearing investments that it holds. The City's general ledgers should be adjusted regularly for the amount of interest these investments have earned. Several of the City's investment accounts had not been adjusted for the interest earned during the year.
- The City has various long-term debt obligations. In order to account for these various long-term debt obligations, the City maintains a worksheet and/or listing of all debt obligations that includes the beginning balances, payments made during the year, and the ending balances. These amounts should be reconciled to the individual debt obligation's general ledger balances. The City did not reconcile this worksheet to the general ledger and as a result, the debt obligation accounts in the general ledger were not corrected or reconciled to third party sources.

Current Status – This condition was cleared at May 31, 2011.

10-02. Inventory Control

Condition – During our annual inventory count inspection procedures, we noted that the City does not have procedures in place to adequately account for and control the open rolls of wire of the utility department.

Current Status – This condition was cleared at May 31, 2011.

Compliance-

10-03. Cash Balance Unsecured

Condition – At May 31, 2010, we noted that the City's cash balance was not fully secured by FDIC or pledged securities.

Current Status – This condition was cleared at May 31, 2011.

City of Natchitoches, Louisiana
Schedule of Expenditures of Federal Awards
Year Ended May 31, 2011

<u>Federal Grantor/Pass through Grantors/Program</u>	<u>Federal CFDA Number</u>	<u>Grant ID Number</u>	<u>Program or Award Amount</u>	<u>Expenditures</u>
U.S. Department of Justice: Byrne Project Grant Program- BJA - Byrne JAG - ARRA	16.810	2009-SB-B9-2913	\$ 105,674	\$ 105,674
U.S. Department of Housing & Urban Development: Passed through Office of Community Development- Neighborhood Stabilization Program- LCDBG Grant	14.228	B-10-DC-22-0001	9,750	9,750
U.S. Department of Homeland Security: FEMA Assistance to Firefighters Grant	97.044	EMW-2010-FO-02735	55,946	55,946
U.S. Department of Transportation: Federal Aviation Administration Airport Improvement Program	20.106	3-22-0034-016-2010	521,000	521,000
U.S. Department of Justice: Passed through La. Department of Public Safety- Byrne Formula Grant Program- Multi-Drug Task Force	16.738	B09-1-008	14,081	14,081
STOP Grant	20.601		20,779	20,779
STOP Grant	20.600		2,105	2,105
STOP Grant	20.205		5,739	5,739
Bullet Proof Vest Partnership	16.607		3,945	3,945
U.S. Department of Justice: Passed through La. Commission on Law Enforcement and Administration- Knock-Knock Grant - ARRA	16.588	M08-1-004	7,056	7,056
U.S. Department of Environmental Protection: Passed through La. Department of Environmental Quality- Clean Water State Revolving Funds - ARRA	66.458	-	740,760	740,760
U.S. Department of Environmental Protection: Passed through La. Department of Health & Hospitals- Drinking Water State Revolving Fund	66.468	-	1,578,762	1,578,762
Drinking Water State Revolving Fund - ARRA	66.468	-	481,732	481,732

City of Natchitoches, Louisiana
Schedule of Expenditures of Federal Awards (continued)
Year Ended May 31, 2011

<u>Federal Grantor/Pass through Grantors/Program</u>	<u>Federal CFDA Number</u>	<u>Grant ID Number</u>	<u>Program or Award Amount</u>	<u>Expenditures</u>
U.S. Department of Homeland Security: Passed through La. Department of Homeland Security-				
State Homeland Security Grant Program	97.067	2008-GE-T8-0013	<u>9,794</u>	<u>9,784</u>
TOTALS			<u>\$3,557,123</u>	<u>\$3,557,113</u>

City of Natchitoches, Louisiana

Notes to the Schedule of Expenditures of Federal Awards
Year Ended May 31, 2011

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Natchitoches, Louisiana and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the primary government financial statements.

Note 2. Subrecipients

The City did not provide any funding to subrecipients.

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